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PARIS, WEDNESDAY, JULY 22, 1981

Western Leaders Expected to Duck Touchiest Issues

By Hobart Rowen

Washington Post Service
OTTAWA — President Reagan
and the six other leaders of the industrialized democracies on Tuesday appeared ready to patch up their differences on key issues in a mostly bland communique affirm-

mostly bland communique affirming their interdependence.

The leaders, however, did not appear ready to break any new ground in dealing with the worldwide problems of inflation and unsupplement.

It was expected that the communique, which was to be issued later Tuesday night at the end of the economic summit, would say the meeting was successful and promise a new series of summits beginning next year. The leaders were likely to accept the invitation of French President François Mitterrand for a Paris summit in 1982.

The United States claims to be

very pleased with Mr. Reagan's performance and strong showing in the summit. For example, U.S. Treasury Secretary Donald T. Regan told reporters that when Mr. Reagan launched into a defense of the U.S. economic policy producing high interest rates, only silence greeted his presentation.

Interest Rate Question

It was expected that the communiqué would evade the interest rate question by acknowledging on the one hand that control of the money supply as followed by the United States is essential to control in-

But European complaints were expected to be assuaged by saying he leaders are aware that high levels of interest rates and great volaulity in one country can make stabilization efforts more difficult in

By Andrew H. Malcolm

New York Times Service OTTAWA -- Aware of the rigid demands of

Oriental courtesy, Prime Minister Pierre El-liott Trudeau, as bost for the seven-nation summit meeting in Ottawa, has paid a special visit to the Suite of Japan's Premier Zenko

Equally aware of the 70-year-old Japanese

leader's cootinuing passion for practicing mar-tial arts, Mr. Trudeau offered on Sunday night

to arrange a session of kendo, a form of stick

boxing practiced by many Japanese men to

Formal Apology

It was but one blemish on Canada's energet-ic effort to seize the visit of six Western leaders and, perhaps more importantly for future tour-

stage. This was the message of the summit's

organizers, of the operators of the nearby

At about the same time, Canada was issuing

stay physically and mentally alert.

No thank you, replied the Japanese leader, he would rather play golf. "So much," said one Suzuki aide, "for cross-cultural understanding."

a formal correction and apology because its official summit handbook had mixed up the pictures of Japan's Foreign Minister Sunao Sonoda and Finance Minister Michio Watan-

ism, of about 2,000 world journalists to com-

bat Canada's perceived obscurity on the world

+ 4.25

and Moreta

is likely to be language demanded by the Europeans calling for re-straint of government spending to

At the same time, there is no aggestion that anyone change policy. There will be, however, a new consultative process between the annual summits, and Mr. Regan Tuesday told reporters that one re-sult of the Ottawa summit is that the United States will consult.

more with its partners. Mr. Regan said that he did not think the United States bad consuited as much as it should have in recent months.

Still unresolved is the question of what the communique will do in the matter of intervention in for-eign exchange markets. This is an issue that is being especially pressed by Mr. Mitterrand and Italian President Giovanni Spadolini. But the U.S. view is that intervention does no good and proba-bly is counterproductive.

On two key issues, East-West trade and North-South matters, it appeared that both the United States and Europeans have to com-

On East-West trade, there was likely to be language in the communiqué dealing in general terms with the dangers as seen by the United States of export controls so lax that the Soviet Union is helped to build its military strength. But the United States apparently would not get everything it wants in specificity on that issue.

Similarly on the North-South issue that Canadian Prime Minister Pierre Elliott Trudeau, Mr. Mitterrand and the Japanese thought was so important, the communique

mit souvenirs.

nearby waters.

extra hour until 3 a.m.



President Reagan conferred with U.S. Secretary of State Alexander M. Haig Jr. during a session of the economic summit conference in Ottawa. Mr. Haig later announced that the United States would delay shipping F-16 fighter-bombers to Israel as a result of escalating Mideast violence.

the need for more aid to the Third World but again falling short. For example, on the East-West issue, it was not clear whether or

not the communiqué would have a reference to the increased vulnerability of Western economies to de-pendence on Eastern resources and markets through such things as the natural gas pipeline from Siberia to Western Europe.

On the question of North-South relations, the communiqué was expected to say such things as the seven nations must be aware of growing poverty among the poor-est of the poor nations and that there must be an increasing other countries. In addition, there was to have language that states amount of official development as-

Canada Seizes Chance to Take Center Stage

Summit Is Way to Combat Country's International 'Obscurity'

Châtean Montebello and of Herb de Waal, a maker of wooden shoes who is also making a nice bundle from his special selection of sum-

Mr. Trudeau's government went to unusual lengths to assure his guests' comfort and seclusion amid an informal atmosphere of things that Canadians consider very Canadian.

Aging Logs

The lodgings were in an aging log structure in the woods by a river in the bilingual ambi-

ence of the Ontario-Quebec border. Leaders

shirt open to expose considerable chest in front of an honor guard of scarlet-coated Mounties on borseback. Guests were served

foods such as consommé of beaver tail and

Inquiring reporters were kept at a distance

with telephones - their only means of com-

munication - even farther away. Hundreds of

police and soldiers, some just a few feet apart, lined nearby roadways, combed nearby woods, hovered in nearby helicopters and swam in

To discourage reporters from trekking the 40 miles from Ottawa to the château, they

were offered free access to a 24-bour cafeteria

and Ottawa bars were allowed to stay open an

and many subzero days, Ottawa is statistically

With annual snows of more than 90 inches

New Brunswick fiddleheads, a rare green.

were received by Mr. Trudeau wearing a sport

sistance. But it was not clear bow the question of the so-called global negotiations, as pressed by Mr. Trudeau, would come out.

If the United States had its way, the language would be very general and the phrase "global negotia-tions" would come out with lower case "g" and "n.

The United States fears that such negotiations on the grand scale sought by Mr. Trudeau could result in a massive redistribution of the world's wealth.

On another key issue, there is a reaffirmation of the need for a "liberal" trading policy. This relies on the West German preference

the world's coldest national capital, not count-ing Mongolia's Ulan Bator. Which may ex-plain why British Prime Minister Margaret

Thatcher got off the plane bere wearing gloves

Reporters clad in shirt-sleeves or dresses in

At the Montebello resort the leaders were

the humid sunshine mouned sympathetically

given golf carts for transportation. President Reagan and West Germany's Chancellor Hel-

mut Schmidt rode to their bilateral meeting in

such a cart - with the American leader in the

Leatherbound Albums

Aware of the egos of politicians worldwide,

Mr. Trudeau's gift to his six guests will be a leatherbound album stocked with pictures of

the recipient at work at the summit. Two spe-

cial photographers and an editor were hired to

compile the collections.

However, Mr. Suzuki will get an extra gift —
a pair of \$19.95 wooden shoes carved by Mr.

de Waal, who burned special summit symbols

into 17 pairs of his sboes as a sales gimmick. A

Japanese diplomat saw a pair with Mr. Suzuki's name and bought them for his boss.

Mr. de Waal also made such wooden shoe-

shaped summit souveniers as salt and pepper

shakers, planters, bottle openers, and doll-sized good luck wooden shoes. "And they float

and a heavy, full-length coat.

the standard formulation of a "free" trading system. In this connection there is likely

to be a call for a ministerial meeting in 1982 that would deal with "overt or hidden" protectionist measures or subsidies. It is understood that Mr. Mitterrand supports the U.S. position that the efforts of the former government of Valery Giscard d'Estaing to create large export subsidies for French

industry will be reduced.

Mr. Trudeau, briefing reporters Monday evening following the talks at the Château Montebello, "We cannot pretend to tell other countries what they should do on macro-economic policy; we can only call attention to the impact of their policies."

He added that "not all was sweetness and light" in the discus-sions on interest rates and "there were some very frank discussions," especially on the high level and volatility of interest rates. "I think the Americans bave been sensitized to the effects of their policies on their partners," Mr. Trudeau

Treasury Undersecretary Beryl Sprinkel told a press conference that the Europeans had become convinced that the United States will hang tough" on this issue, even though the tight money poliey may result in six months of economic downturn in the United

U.S. Proposes Sale

Of Weapons to Japan United Press International

WASHINGTON — The Navy said Monday that Congress bas been informed of the proposed sale to Japan, for an estimated \$63 million, of four Phalanx rapid-lire weapons systems to be used on

Japanese destroyers.
Phalanx is the U.S. Navy's first all-weather, automatic, controlledgun system to provide defense against Cruise missiles. The system's Galling-type gun can fire at the rate of 3,000 rounds a minute. Congress has the authority to veto such weapons sales.

dicated an argument and not a crisis in relations with the United States. But Simeha Dinitz, a for-

mer ambassador to Washington and a member of the opposition Labor Party, accused Prime Minister Menachem Begin's government of creating "a major crisis with the United States ... at a time when the United States was about to form its Mideastern policy."
He said Israelis should be con-

From Agency Dispatches
OTTAWA — President Reagan

to Israel because of the "escalating

level of violence" in the Middle
East. In Jerusalem, Mordecai Zippori. Israeli deputy defense minister, said Tuesday he was "very unhappy" about the action.

Mr. Zippori said the decision indicated an assument and not a cri-

siderably alarmed because the Reagan administration's decision to delay the jet shipments has the support of Congress and the American people.
The U.S. announcement Mon-

day came after Mr. Reagan and leaders of six major industrial nations issued a statement in Ottawa deploring the escalation of fighting in the Middle East and calling for restraint by Israeli and Palestinian

Cease-Fire Sought

In announcing the decision on the jets, Secretary of State Alexan-der M. Haig Jr. said Mr. Reagan had deferred the delivery of 10 Fles in an effort to promote a ceasefire in Lebanon

Well-placed administration sources have told The Washington Post that the administration is deeply frustrated over its inability to persuade Mr. Begin that Israeli military actions in Lebanon are damaging both U.S. and Israeli interests in the Middle East.

These sources predicted that the U.S. suspension of F-16 shipments could remain in effect for a considerable time unless it becomes clarthat Mr. Begin genuinely intends to reduce the level of violence in Lebanon.

"It's not going to be easy to reverse what's been done," one official said. "This could be a watersbed for U.S. policy with Is-

Predictions Declined

Publicly, neither Mr. Haig nor White House counselor Edwin Meese 3d would make any predic-tion about when the F-16 deliver-ies are likely to resume. But what emerged from a series of private discussions with U.S. officials attending the Ottawa summit was a picture of a policy being pushed by events in a different direction than both Mr. Reagan and Mr. Haig would like to take it.

One official said that the President was "truly troubled" at what he saw as the necessity of having to further delay shipment of the planes to Israel, which Mr. Reagan has supported since the creation of the Jewish state in 1948.

Another official said that Mr. Haig was "in anguisb" over having had to recommend this policy - a policy in which all other high officials of the government concurred. (Continued on Page 2, Col. 3)

'Unhappy' With Action has indefinitely postponed the de-livery of U.S. F-16 fighter-bombers

RESTRICTED AREA

HESTRECTED AREA
HT IS UNLAWFUL TO ENTER THIS AREA WITHOUT
PERMISSION OF THE HISTALLATION COMMANDER
WHAT OR THE RESTALLATION ALL PERSONNEL
ME SHE SELECT TO SEARCH
LINE OF BEADLY FORCE AUTHORIZED.

Reagan Stops Delivery

Of F-16s; Israeli Aide

A heavily armed security guard stood watch over two F-16 jets at an Air Force base in New Hampshire Monday after Presi-dent Reagan indefinitely postponed their delivery to Israel.

U.S. Cease-Fire Call Is Rejected by Israel

By William Claiborne Washington Past Service

JERUSALEM - Israel Tuesday flatly rejected appeals by the Unit-States to agree to negonations with the Palestinians for a crase fire in the growing conflict in Lebanon, vowing that "under no cir-cumstances" would it communicate directly or indirectly with the Palestinians or authorize any third-party mediation.

After nearly six bours of discus-ions with U.S. special envoy Philip C. Habib, Prime Minister Menachem Begin said that Israel will continue to defend the citizens of Israel" against attacks from Palestinian guerrillas in Leb-

For his part, Mr. Habib said be would continue his effort to secure a cease-fire along the Israeli-Lebanese border, where a barrage of artillery and rocket fire has been sustained by both sides since July 10. Official estimates of casualties put

ciless grilling. "Even normally

well-behaved people don't treat a maid the way be was treated." re-

the death toll at more than 400. most of them civilians killed in an extensive Israeli air strike against Palestinian guerrilla headquarters in central Beirut last week. Mr. Begin met with Mr

Tuesday night and invited the U.S. envoy to continue his attempts to arrange a peaceful solution to the cross-border attacks by both sides.

Begin Position

However, Mr. Begin made it clear that Israel expects Mr. Habib to deal with Lebanese President Elias Sarkis and his government. and not "the terrorist organiza-tions [that] incessantly attack the territory of Israel and murder and maim its citizens."

Mr. Begin made no mention of the fact that the spiraling crossborder violence has been conducted exclusively between the Palestinians and Israel, backed by the Israeli-supported Christian militias of southern Lebanon, and that the Lebanese army has not been a party to the belligerence.
The government of Israel will

under no circumstances conduct negotiations directly or indirectly with the Arab terrorist organizations whose declared aim is the destruction of Israel and its people and to intentionally turn their arms, which are supplied to them in large quantities by the Soviet Union, Syria and Libya, against the Jewish civilian population."
Mr. Begin said in a statement approved earlier by his Cabinet. Likewise, the government of Is-

rael will not authorize anybody to conduct negotiations with the aforementioned terrorist organizations," be said.

Mr. Begin said that the Cabinet agreed that Mr. Habib should con-tinue his diplomatic efforts and "embark upon contacts with the president of Lebanon. Mr. Sarkis, with the aim of establishing peaceful relations between Israel and Lebanon, from where the terrorist organizations" attack Israel.

After his meeting with Mr. Begin. Mr. Habib told reporters. "On the basis of the statement of the government of Israel, as presented to me by the prime minister, I will continue my mission, as directed by President Reagan, to seek to secure a cease-fire along the Leba-nese border as a first step to bring-ing calm to the area."

Reports from the United Nations indicated that PLO chief Yasser Arafat bas promised to consider a negotiated cease-fire with Israel. Mr. Arafat reportedly conveyed such a promise to Gen. William Callaghan, commander of the UN forces in Lebanon, at a

meeting Monday.

Meanwhile. Israeli planes Tuesday conducted bombing raids again on Palestinian positions in southern Lebanon, knocking out artillery emplacements.

7 Agree to Discuss Soviet Trade Curbs

New York Times Service OTTAWA - Leaders of the seven industrial nations meeting here have endorsed a U.S. proposal to Union, but they came to no agreement on whether to proceed with such limits.

The U.S. discuss the possibility of further

The U.S. initiative called for a high-level meeting this year to discuss restricting high-technology and military-related exports to the Eastern bloc in response to what is perceived as increasingly aggrestive Soviet behavior around the world.

In the weeks before the summit Reagan administration officials aid they were hoping to achieve a 'common perspective' in favor of 'resident Reagan's proposal to re-trict exports of high technology and other items to the Soviet Un-

Monday afternoon a senio teagan administration aide said hat the action by the seven leaders mplied "a recognition by some of bese leaders that a tightening is worth discussing" and not an greement actually to do so.

Further Talks

Monday evening, bowever, anadian Prime Minister Pierre lliott Trudeau said that the subxt of East-West trade would be iscussed at the conference on

According to U.S. officials, the articipants also agreed to take up ne East-West trade issue at a min-

isterial session of the Coordinating Committee for East-West Trade Policy, a group established in the 1950s as an outgrowth of NATO, to ensure that Western allies avoid shipping strategically important materials to the Russians.

Although some of the seven leaders were said by the Americans to be sympathetic to the idea of restricting trade, many responded favorably when French President Francois Mitterrand reportedly suggested that the issue had to be discussed in the broad context of East-West relations.

The French president's comments were construed by Americans as a reference to allied resentment that Washington was asking for sacrifice at a time when Mr. Reagan had anthorized the sale of U.S. grain to the Soviet Union.

In a separate action, the summit leaders issued a statement Monday evening condemning recent airline hijackings. Specifically, the leaders condemned the government of Afghanistan for giving refuge to the hijackers of a Pakistani plane last force and they are accounted. Mareb, and they proposed suspending all flights to and from Afghanistan until the Kabul gov-

ernment "immediately takes steps to comply with its obligations." Recalling that at the summit conference in Venice last year the leaders had pledged cooperation in the event of attacks on diplomatic and consular establishments, the participants again stated their re-solve to consult and respond on fu-



A member of the Poverty Bay Rugby Union team in Gisborne, New Zealand, picks up glass fragments scattered by anti-apartheid protesters on a playing field where the Springbok rugby team from South Africa is scheduled to play a match on Wednesday. Page 2.

Kania's Position Seen Weakened In Radically Altered Polish Party questions were thrown at the can-didates, be was subjected to a merparty hierarchy, swept away by a tide of anger against almost any-one who held office under the old

By John Darnton New York Times Service

WARSAW - The emergency Polish Communist Party congress ended Monday and when the votes and debates and democratic tumult finally died down, one thing was elear: the party is vastly differ-

NEWS ANALYSIS

ent from what it was only six days

More than 90 percent of the 270 members of the full Central Committee are new. More importantly, they represent a new force — they are party workers instead of ap-paratchiks, they are rooted in the provinces instead of in Warsaw, and they are guided by egalitarianism and an almost populist notion of taking on the establishment.

The congress was not quite the reformist sweep that some had hoped for and others had feared. But it did approve some changes in the party's own bylaws that, if adhered to, will change the way the party operates, making its leaders more accountable to elected bodies and curbing their power. All of this has far-reaching im-

plications for Stanislaw Kania, the only party leader in the Soviet bloc to have been elected by secret bal-lor from the floor of a congress. Mr. Kania is still on top, but his position has been considerably weakened for several reasons. For one thing, he lost most of

his influential supporters in the

seemed, largely because there was no one else to lead. For another, the hard-line conservatives who opposed him have been drummed out of the Central Committee. But now they are well placed to oppose him outside regu-

regimes. Mr. Kania was spared, it

lar party channels and to solicit support from the Soviet Union. Lastly, Mr. Kania has not risen in the eyes of Moscow, which undoubtedly regarded the congress as a rather disordered affair and dangerously unpredictable. Had he won re-election on the opening day, as was his plan, and then gone on to demonstrate his capacity to control the twists and turns of the deliberations, his standing would bave improved immeasurably. As

to finally come through doesn't count so much for the Soviets," a Polish party analyst said. "He wasn't able to prove himself a formidable leader. They don't like Ceausescu [Nicolae Ceausescu, the Romanian leader] but they know they have to deal with him because be is solidly in control."

Mr. Kania's authority was chipped away at, in a bitter and personal campaign waged by the conservative wing. Now be is like an American politician after a bruising party primary. During a closed session Saturday, in which

Especially damaging was a letter reportedly from Wladyslaw Gomulka, the former party leader, implicating Mr. Kania in a decision to fire on demonstrating (Continued on Page 2, Col. 1)

marked one participant.

congratulations from the Kremlin.
"The fact that Kania managed

it was, be received a frosty note of

INSIDE

U.S. Denounced

Cardinal Jaime L. Sin, arcbbishop of Manila, denounces the United States for openly supporting President Marcos. Page 2.

Arms Smuggling

A five-month U.S. investigation into conspiracies to smug-gle armed belicopters to South Africa has brought growing at-tention to weapons traffic in New York. Page 3.

Focus on the Gulf A supplement on the Gulf

states — Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates — is on Pages 7S-10S.

Brezhnev Telegram Endorses Results of Poland's Congress

Washington Past Service
MOSCOW — Soviet President
Leonid 1. Brezhnev on Tuesday
night endorsed the results of the Polish Communist Party congress and expressed the belief that the Polish party was "undountedly ca-pable" to mobilize forces against "anarchy and counterrevolution" threatening Poland.

He said the congress has "set the task of stabilizing" the situation in Poland and taking it out of the fri-

The Polish party, "as the leading force of Polish society, firmly following the principles of Marxism-Leninism, is undoubtedly capable of rallying all working people and mobilizing them for a resolute rehuff to anarchy and counterrevolution." Mr. Brezhnev said.

In a telegram also signed by Premier Nikolai A. Tikhonov and distributed by Tass, the endorsement of the congress program was cou-

Kania Seen Weakened

workers in 1970. During the closed session, some delegates demanded that Mr. Gomulka be brought to the congress to explain the entire

Tadeusz Grahski, the conservative who challenged Mr. Kania, lost a seat on the Central Committee before he could even make his bid for leadership. But he established the conservative faction as a force to be reckoned with, a minority with a powerful voice.

Mr. Grabski is expected to return to Poznan, his power base, and to take over the Poznan Forum, a far-left group opposed in the leadership. He plans to link the organization with similar groups in Katowice, Szczecin and elsewhere in a national network that could be construed as almost a shadow par-

The threat of a resurgent, wellorganized left sbould not be underestimated, some Polish analysts believe. If Mr. Grabski had been kept in the Central Committee, as Mr. Kania wanted, he would have been constrained by virtue of his belonging to the leadership.

By contrast, an analyst said, the liberals were outflanked by the Solidarity independent labor un-ion movement. "If they move farther from the center, they simply become part of the anti-party coalition. They cannot go too far in their natural direction.

While having to contend with new centers of opposition outside his leadership, Mr. Kania will have to reconstruct the delicate halance of forces in the Politburo and Central Committee in such a way that he ends up in the centrist position. The 15-member Politburo, made up of his nominees, includes an arch-conservative. Albin Siwak, and a liberal, Jap Labecki. Both

A figure notably omitted from the Polithuro, bowever, is Micczys-law Rakowski, the liberal deputy premier. He was one of only five top leaders elected to the Central Committee and the only one not elevated to the Politburo. The absence of Mr. Rakowski, who apparently offended Mr. Kania with a critical speech at the congress, means that there is no counterweight to Stefan Olszowski, a

will have to operate without the support of numerous allies, ranging from Mieczyslaw Moczar, the former interior minister, to Stanislaw Kociolek, the Warsaw party

COMING IN

SEPTEMBER

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pled with the warning that Poland was in "a complex political situa-tion," and that domestic and foreign anti-Socialist forces are con-tinuing "their subtle attacks on the foundations of the Polish state" as well as "provoking complications in Poland's relations with its true

"the Polish leaders" and it came after the Soviet press earlier Tuesday published reports about the Polish congress that generally put a better face on what the Russians see as the yet unclear course of developments in Poland.

The Soviet leaders message, on the anniverary of the founding of the Polish republic, appeared designed in encourage the new Polish leadership to seize what is seen here as a fresh opening for the Polisb party to restore its authority in

The tone of press dispatches and broadcasts, coming after almost 10 days of silence about the congress. appeared in reflect the basic com-promise struck between Moscow

ion. Soviet comments in turn said the congress has preserved the "ideals" of Markism-Leninism while taking into account "the ex-isting conditions" in Poland.

Talks Held to Avert Strikes

WARSAW (Reuters) - The Polish government held talks with representatives of the national air-line LOT and with dock workers Tuesday in an attempt to avert threatened strikes this week, union officials said.

LOT employees Tuesday night agreed to suspend a strike threat-ened for Friday, a union spokes-The talks in Warsaw on the dis-

pute over the appointment by LOT employees of a general manager whom the government refuses to recognize centered on a possible compromise formula, they said.

The government argues that it must have the final say in who is appointed manager of LOT be-cause the airline is part of the defense establishment.

But there is more to the dispute than the military argument because government recognition of the chief appointed by the work-ers' council at LOT would set a precedent for every other major Under terms of the compromise

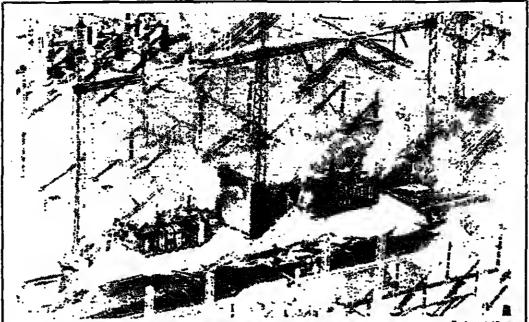
being discussed Tuesday, the LOT worker council and government representatives would share power on a supervisory board, the union

Officials of Solidarity said a government team also was negotiating Tuesday in Szczecin with dock workers who have threatened to strike Thursday. The dock workers are demanding a new charter that guarantees improved pay and working conditions, which the government says it cannot af-

The dock workers and LOT employees have already staged strikes to back their demands, but they sist from further strikes at the party congress that closed Monday.

Debt Meeting Set

ZURICH (Reuters) - A 19bank task force will begin meeting Wednesday in an attempt to reach an agreement rescheduling Po-At the same time, Mr. Kania land's 1981 debts to Western pace of negotiations with the banks.



A section of the Camden power station after it was sabotaged in South Africa.

Power Station Bombings Cut Electricity in S. Africa

United Press International
JOHANNESBURG — Guerrillas believed to be black nanonalists struck at electricity supply substations in the eastern Transvaal province Tuesday, setting off two explosions that cut power in large areas of the country. a police spokes-

in either hlast.
The spokesman said that the blasts at the Camden and the Arnott power stations were caused by Communist-manufactured limpet mines - electr-

lcally timed magnet mines. He blamed guerrillas of the out-

man said. No one was injured lawed African National Congress for the acts of sabotage. Since January, the ANC has set off eight bombs in various parts of the country.

The police spokesman said that several other limpet mines were found unexploded at both

Life Imprisonment Demanded for Agca, Who Refuses to Attend 2d Day of Trial

By Henry Tanner

New York Times Service ROME — The public prosecutor demanded on Tuesday the manda-tory life sentence for Mehmet Ali Agea for attempting to kill Pope John Paul II and wounding two American pilgrims, Ann Odre and

Calling Mr. Agea the "son of modern-day terrorism, that sinister affliction of our time," Nicolo Amato, the prosecutor, said: "We have looked into the heart of Mehmet Ali Agca for a small sign, an infinitesimal sign of repentance and humanity but we couldn't find

He asked that the defendant be sentenced to 12 additional years for illegal possession of arms and carrying false identity papers, and be suggested that these 12 years be converted to 12 months in solitary

Nn Death Sentence

Under Italian law a person serving a life sentence remains in prison his entire life with no possibili-ty of early release, ftaly does not have a death sentence. Life imprisonment is mandatory for attempting to kill the president or a foreign head of state.

eigh head of state.

Mr. Agca was not in court Tuesday. At the beginning of the session the presiding judge, Severino Pantiapichi, read a note from the defendant saving "I do not come to the court, in protest," in Eng-

On Monday, on the first day of the trial, Mr. Agea, had told the court that he was on Vatican territory when he shot the pope and that the Italian court, therefore, did not have the right to try him. said, adding that he would not participate in the proceedings.

His court-appointed defease lawyer, Pietro d'Ovidio, also conbut was overruled by the judge. The defense will state its case

Wednesday, and the six-member jury will pass judgment immediate-

Mr. Amato, the prosecutor, raised the possibility that Mr. Agea could have been part of an international plot but he said that the Italian authorities had not

Italy Financier Fined \$13 Million in Milan

The Associated Press MILAN — A Milan court has convicted one of Italy's leading financiers of illegal currency exporting and fined him 16.5 billion

lire (\$13.2 million).

Roberto Calvi, chairman of Banco Amhrosiano, also was sentenced Monday to four years in jail, but the court immediately granted him provisional liberty. Mr. Calvi, 60, was an associate of Italian financier Michele Sindona, who is now serving a 25-year jail sentence in New York for bank

concrete" on the issue.

The prosecutor raised many questions about Mr. Agea's morives, but said: "No one can understand or even guess the reason be-hind this act." Meanwhile, throughout Europe, Pope John Paul II — still confined to his hospital suite — was seen

and heard on television. Eurovision — the European television pool — transmitted a taped videorecording of a half-hour message the pontiff addressed in French to the Eucharistic congress in Lourdes, the pilgrimage site in France. Recent medical bulletins from

Gemelli Hospital about the pon-tiff's recovery bave been optimis-

But on television John Paul looked a changed and suddenly older man. The sheets of paper from which he read shook in his hands. His shoulders were hunched forward, and his voice lacked the strength it once had.

U.S. Support for Marcos Is Assailed by Cardinal

MANILA - Cardinal Jaime L. Sin, the most powerful church official in the Philippines, denounced the United States Tuesday for openly supporting President Ferdinand E. Marcos and said that high-level corruption is strengthening Filipino Communists.

The Americans have been making mistakes in power politics," said Cardinal Sin, 52, the archhishon of Manua and ontgoing presi dent of the Catholic Bishops' Conference of the Philippines.

"Look at what happened in Vietnam, in Iran and other countested the competence of the court tries." Cardinal Sin said in his first interview since last month's controversial elections that gave Mr.

Marcos, 63, a new 6-year term. Opposition parties boycotted the elec-

"Maybe America is thinking that there is no other alternative hut to acknowledge Marcos," Car-dinal Sin said. "But they do not understand. Even if Marcos is against Communism, because of the present situation and so much graft and corruption, the Commu-nists are becoming stronger." Vice President Bush attended

Mr. Marcos' inauguration June 30. Enunciating the Reagan administration policy toward the regime, Mr. Bush said in a toast, "We love your adherence to democratic The Bush declaration was imme-

diately assailed by Philippine op-position leaders, who called the elections a "sham." Opposition sources said the new U.S. policy snuffed hopes by moderate politi-cians that the United States, an important Manila ally and major source of economic aid, could exert some pressure on Mr. Marcos to restore political unrmalcy.

"I am convinced that the future is very uncertain," the cardinal said. "They said there is freedom of the press, look at Letty Magsanoc," referring to a top editor of Panorama magazine who was dismissed for writing an article critical of Mr. Marcos.

"In Mindanao, there is continuous killing every day," Cardinal Sin said. Since the June elections, 143 persons have been killed in intensified clashes between government troops and dissident forces.

"The president has said he will those involved were Mr. Marcos'

Reagan Delays Delivery Of F-16 Fighters to Israel

including those who traditionally have been most supportive of Isra-

One official said he expected that American public opinion has swung sharply against Israel be-cause of its recent military actions, especially the bombing of Beirut last Friday which killed 300 civil-

The administration attitude is Communication over the difficulty of communicating the depth of U.S. reaction to Mr. Begin.

The frustration is all the deeper

because of the obvious reliance of the other Western nations on the U.S. ability in restrain Israel. For years, other countries have been urging the United States to take a harder line with its Middle East ally. Now that this has happened, there is no evidence that Israel is

Not that the atmosphere within the administration is one of complete gloom. One official Tuesday took heart from the fact that Mr. Begin has so far reacted to U.S. actions "more in sorrow than in an-

ger."
Despite scraps of optimism, the

France Outlaws **Boycott of Israel**

PARIS — Prime Minister Pierre Mauroy has issued an order making it illegal for French firms in comply with the Arah economic boycott of Israel, his office said Tuesday.

Most Arah states require foreign trading partners to pledge that they have no relations with Israeli firms and have drawn up a secret

hlacklist of companies they say are helping Israel.

There was no immediate indication how many firms would be af-fected by Mr. Mauroy's decision and in what way. Sources said the boycott was not enforced in the same way in each Arab state.

wording used by Mr. Haig when be announced the president's decision Monday makes it unlikely that any F-16s will be shipped to Israel until the United States is convinced that the fighting on both sides has stopped for more than a temporary truce. Mr. Haig said Monday that Mr. Reagan had suspended the shipments because it would have been 'highly inap-propriate to send additional armaments into the area while this level of violence continues and un-til the situation clarifies."

Israel already has received 53 of the 75 F-16s it ordered from the United States. Ten were held up Monday and another four, sched-day," the cardinal said. He said uled to be sent in mid-August, were also expected to be delayed.

Portugal Coalition Meets After Rebuff by Military

idea of a protest resignation while at the same time favoring a strong reaction to the weekend veto of a key government hill by the mili-tary Council of the Revolution.

The hill would have allowed the return of private Portuguese hanks and insurance companies and given private investors limited access to other strategic nationalized sec-tors of the economy such as cement, armaments, steel, petro-chemicals and oil refining.

Government sources said some ministers argued that, since the premier had publicly declared he could only fulfill his mandate if the bill were approved, resignation lufton would have to take the was the only option open to him hlame for delaying Portugal's after the military council, headed modernization.

LISBON — Portugal's coalition government met in a crisis atmosphere Tuesday with Cabinet hardlioers pressing for its resignation as the only proper way to answer the latest rehuff from the military.

Premier Francisco Pinto Balsemao has until now opposed the idea of a protest resignation while

Minister Carlos Macedo, a pivotal Social Democrat, told the premier he would resign unless the govern-ment quit over the military veto. Mr. Balsemao had to call a highly unusual meeting of party ministers
Monday night to plead for unity at
Tuesday's special Cabinet session.
The political crisis coincides
with mounting criticism of the economic politics of the government,
which announced an austerity

package last Friday Ministers have said the military veto will prevent the government from fulfill-ing the 1981-1984 ecocomic plan, and that the Council of the Revo-

Assailed for Rugby Tour

Commonwealth Unit

Shifts Meeting in Fall

LONDON — A Commonwealth committee decided Tuesday in switch September's Commonwealth finance ministers'

meeting from Auckland to the Bahamas because New Zealand has allowed a tour hy South Afri-ca's Springbok rugby team in go

The decision was made by the Committee on Southern Africa and announced by the Commonwealth Secretariat in London.

New Zealand Prime Minister Rob-

ert D. Muldoon immediately an-

nounced that his government would boycott the September

meeting as a result of the commit-

tee decision.
Tuesday's statement by the

Commonwealth committee said it

noted "with extreme regret" that the Springbok team had arrived in

In Washington, leaders of the Congressional Black Caucus called on the Reagan administration to

withdraw visas for the Springboks to visit the United States. The team is scheduled for a playing

In a telegram to the White House, the caucus chairman, Wal-

ter E. Fauntroy, a Democratic de-

legate to Congress from Washington, D.C; and its vice chairman,

South African team an "insult to

Americans of conscience, especial-

police warned that anti-apartheid protesters might use a helicopter to

spray a dangerous gas over the crowd at the rugby team's opening

match in Gisborne on Wednesday.

rows, district police commander,

issued the warning only hours after four persons were arrested for

crashing through a gate and scattering glass on Rugby Park, where the match is to be played.

His statement said: "Police have

received information suggesting

that some persons or group may be

considering using an unmarked helicopter for the purpose of drop-ping a dangerous chemical sub-

stance over the crowd at the rugby

which is similar to tear gas. "It is realized that such information could be a hoax," he said, "but it is

considered that the threatened act

The police chief said he was is-suing the statement as a warning

that such an act would be a serious

criminal matter endangering the

health and safety of a large num-

Thirty-eight demonstrators were

arrested outside the Springboks' botel and beld for causing a breach

of the peace. They were part of a group of about 100 persons who blew whistles and chanted outside

on Wednesday to protest against

racial separation policy.

the hotel at midnight.

is a possibility."

Chief Superintendent Brian Bur-

In Gisborne, New Zealand, the

ly hlack Americans."

tour after its South African visit.

New Zealand WORLD NEWS BRIEFS Chinese Lower Yangtze Flood Death Estimate

United Press Internation PEKING — Officials on Tuesday scaled down their estimates of the number of persons killed by the Yangtze flood and said that those living along the lower reaches of the swollen river to longer were threatened. Provincial authorities in Chengdu, capital of the devastated province

of Siebuan, said Tuesday that "nearly 1,000 people were confirmed The spokesman, contacted by telephone, said that more than 3,000 persons at first were thought to have been killed because large numbers of inhabitants along the Yangtze and its tributaries were washed away. Many of them were rescued from the torrents downstream, he said.

3 Dutch Leaders Agree to Coalition Proposal

THE HAGUE — Three key political leaders agreed Tuesday to offer in their parties a proposal for a new center-left coalition government with a program leaning strongly against stationing new NATO nuclear missiles in the Netherlands.

Approval of the proposal, completed after two months of negotiations, would allow formation of a new three-party coalition reflecting the outcome of the May 26 national election.

Under the plan, Christian Democratic Premier Andries van Agt would return as head of a government including the Labor Party, led by Joop Den Uyl, and the smaller Democrats '66, led by Jan Terlouw. The Liber-

Tentative Agreement Averts U.S. Postal Strike

United Press Inter-WASHINGTON — The U.S. Postal Service and its two largest unions reached tentative agreement Tuesday in avera a national postal strike. The Postal Service said the pact would cost \$4.8 billion over the next three years, but probably would not cause an immediate increase in

Leaders of both the Postal Workers Union and the Letter Carriers Union said they would recommend approval of the contract. It calls for \$300 a year in general wage increases. Postal workers now earn an average of \$19,900 a year.

The tentative agreement capped marathon bargaining that produced seeming accord early Tuesday morning, but that collapsed over a contract language discrete.

tract language dispute.

Cambodia Said to Fight Rebels on Thai Border

BANGKOK — Heavy fighting involving tanks and rockets has broken out between Vietnamese-led Cambodian government forces and Khmer Rouge guerrillas in western border areas, military sources bere said Tues-

Rep. William H. Gray, Democrat of Pennsylvania, called the State Department decision to admit the Government troops apparently attacked Khmer Rouge guerrillas entrenched in areas about 10 miles (16 kilometers) east of the Thai border town of Aranyaprathet. Fighting has been in progress for the past few

Casualties were unknown. At least four rockets hit Thai territory and the sound of gunfire was still andible in Aranyaprathet Tuesday, but there were no reports of damage or casualties.

Commission Rejects 2 Bids to Ban Whaling

BRIGHTON, England - The International Whaling Commission Tuesday voted down a British proposal to ban all commercial whaling in

The vote followed a defeat earlier Tnesday for a worldwide moratorium on commercial whaling proposed by Britain and the United States. The second defeat was a greater blow for conservationists who had hoped the whaling nations might not vote together on a ban concerning

The worldwide ban had been backed by President Reagan. It was the sixth straight year that the proposal had been defeated under rules that require a three-fourths majority for approval. Fifteen nations voted for the North Atlantic ban, with eight opposed under the leadership of Japan, which threatened to disregard the ban if it were approved. Mr. Burrows said the substance was likely to be chloropicrin,

Armenian Group Says It Set Off Swiss Bombs The Associated Press

LAUSANNE, Switzerland - Armenian extremists have taken responsibility for a series of bomb blasts, including one Tuesday that injured 25 persons, none seriously, at a department store in midtown Lausanne,

Switzerland's fifth largest city.

The explosion was the third in a major Swiss city in two days, a series that a federal government spokesman said was unprecedented.

Explosive devices were set off in Bern on Sunday, with no injuries, and at the shopping mall at Zurich's international airport on Monday, slightinjuring five persons. A clandestine anti-Swiss Armenian group, the "June 9th Organization," said in telephone calls to news organizations that it had carried out the bombings.

ber of the general public. Opposition to the Springbok team's tour in New Zealand has been confined to nonviolent protests until now. Anti-apartheid groups have emphasized that they do not seek violent confrontations, Unemployment in Britain although they have said they will **Climbs Above 2.8 Million** go to the edge of the law in their

LONDON - Britain's uncm-

ployment total continues to climb, with more than 2.8 million persons, or 11.8 percent of the work force, unable to find jobs, according to official July figures released Tuesday.

The Department of Employment said that 2,852,000 persons were unemployed — 171,000 more than in June and 955,000 more Earlier Tuesday, three women and a man used a Land-Rover to crash through the gate of the rugby ground and drive across the pitch, emptying bags containing pieces of broken bottles.

than in July, 1980.

Sir Terence Beckett, director general of the Confederation of The four were arrested and will

appear in court at a date to be set. Demonstrations are planned in **Indonesia Cholera Deaths** 30 centers throughout the country

JAKARTA — Cholcra has killed the country's renewed sporting links with a nation virtually isolatat least 62 persons in the remote East Indonesian islands of Aru and Dobo, 1,800 miles (3,000 kied from world sport because of its lometers) east of Jakarta.

U.K. Official Visits Maze; Strikers Refuse to Talks

BELFAST — A surprise bid to end the Maze bunger strike brought a senior British official to the prison Tuesday but foundered when the strikers refused to talk unless their IRA commander was present, the Northern Ireland Off-

ice said.

In the town of Maghera 45 miles (72 kilometers) northwest of here, John Hazlett, 46, was shot to death, apparently mistaken for a part-time soldier of the mostly Protestant Ulster Defense Regiment by killers suspected of being gunnen of the Irish Republican Army's Provisional wing, police sources said.

A police spokesman said Mr. Hazlett and the off-duty UDR man were renovating a shop. "Hazlett was outside sweeping up rubhle," he said. The gunmen drove up in a van. One got out with a rifle and shot Mr. Hazlett six times at point-blank range, he said. at point-hlank range, he said. In Belfast, a policeman on duty

outside the high court building was seriously wounded in a gunshot at-tack, police said. Details were not immediately available.

The failure of the Maze strike settlement move left little hope that the fast would end in time to save two of the eight hunger strikers, Kieran Doherty, 25, of the IRA's Provisional wing and Kevin Lynch, 25, of the Irish National Liberation Army. Six prisoners have starved to death in the campaign to win political status.

The prisoner-initiated move began when a priest tending one of the prisoner tending one of the prisoner tending one of the prisoners and the prisoner tending one of the prisoners and the prisoners are the prisoners and the prisoners are the prisoners and the prisoners are the prisoners are the prisoners and the prisoners are the

the bunger strikers said the man wanted to clarify what prison re-forms would be possible if the fast was called off. Northern Ireland Secretary Humphrey Atkins sent an uniden-

tified senior official into the prison near Belfast with the prison gover-nor, Stanley Hildich, before dawn. Mr. Atkins said later that "in

Mr. Atkins said later that "in fact, what the hunger strikers wanted was negotiation... This is something we will not do."

The officials saw the five hunger strikers who are in the prison's hospital wing, including Mr. Doherty and Mr. Lynch, but the men refused to talk unless Brenday McFarlane the commander of dan McFarlane, the commander of the IRA guerrillas jailed in the

Maze, was present.

The British refused on the grounds that talking to Mr. McFarlane would be seen as official recognition of an IRA command structure in the prison.

'Hideous Crimes' Mr. Atkins declared in a radio interview later: "We are not pre-pared to negotiate with prisoners ... convicted of the most hideous

crimes. We are not going to submit [to] blackmail."

Sinn Fein, the outlawed IRA's political front, said Mr. Doherty was extremely weak and unable to speak on the 61st day of his fast. He could "go at any minute," it said.

British Industry, the employers' as-sociation, said the figures were ap-People out of work, particular-

ly the youngsters, need hope, and that is why I call on all employers to redouble their efforts to provide obs, even if these are only temporary, to give young people the op-portunity of a fair start to their working lives," he said.

. The jobless totals were swollen by school graduates, and the gov-ernment said the seasonally adjusted monthly increase in July was the smallest in a year.

July's highest unemployment rate, 18.8 percent, was in Northern Ireland and the lowest, 8.3 percent, in the greater London area. The Department of Employment also said figures through mid-May showed 351,000 people working short-time weeks.

The total number of unemployed in Britain was 575,000 on Jan. 1, 1974, but has increased steadily since then, reaching 1 million in mid-1975 and 2 million late

The totals and rate of increases in the last 18 months are the highest since at least the Great Depression of the 1930s when current methods of record-keeping were

Polish Airliner Hijacked, Lands In West Berlin

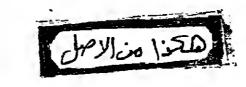
The Associated Press
BERLIN — A Polish airliner with 50 aboard was hijacked to West Berlin Tuesday and a suspect was taken from the plane by U.S. military authorities for questioning, a U.S. military spokesman said.

The Polish government news agency said the flight had been headed north from Katowice to Gdansk. The news agency said a terrorist brandishing a weapon ordered the pilot of the prop-jet Antonov 24 to land in West Berlin.

What appeared to be a grenade and a pistol were reported to have been carried off the aircraft by the suspected hijacker, according to Maj. Larry Seals, the U.S. spokesman. The aircraft was grenated and the suspection of the sus man. The aircraft was expected to be refueled and cleared for a re-turn flight to Poland, Maj. Seals

said.

Last December, a hijacker diverted a Polish domestic flight to West Berlin and asked for political asylum. The man was tried and convicted of hijacking by a West Berlin court and sentenced to four years in prison. years in prison.



Firm Says

Ex-Broker Revealed

Charges in CLA Case

By Leslie Mairland

New York Times Service

NEW YORK - One of the men'

whose allegations of fraud prompted the resignation last week of Max C. Hugel as the CIA's chief of

clandestine operations has disap-

peared.
The Triad Energy Corp. revealed Monday the disappearance of its president. Samuel F. McNell.

Triad also said it has requested the National Association of Securities

Dealers to cease quotations on its

stock, which is sold over the coun-

The company said he has been missing since last week when the charges leveled at Mr. Hugel by Mr. McNell and his hrother, Thomas R. McNell, were reported.

Mr. Hugel called the charges un-founded, unproven and untrue

when he submitted a letter of resignation to William J. Casey, the

ClA director, who had named him

deputy director for operations.

The McNells, who ran a small hrokerage firm in the early 1970s called McNell Securities, charged that Mr. Hugel had illegally supplied that Mr. Hugel had Mr. Hugel had illegally supplied that Mr. Hugel had Mr. Hugel

plied them with inside information

about two companies. At the time, Mr. Hugel was president of one of them, the Brother International

Corp., and was negotiating a major business deal with the other, the

Centronics Data Computer Corp.

partment's Missing Persons Bu-

reau has not been notified that ei-ther of the McNells is being

sought. Kenneth P. Walton, depu-

the FBI's New York office, said

that "to my knowledge, we have

Triad's prospectus, examined at

not been asked to look for them."

the Securities and Exchange Com-

mission, notes that Samuel McNell

has been oresident, treasurer and a

director of the company since its

inception and for eight months be-

fore then be was a vice president for investments with Dean Witter Reynolds Inc. Company reports

warn that Triad securities involve

"a high degree of risk and there-

fore the purchase thereof should be considered only by those per-

sons who can afford to sustain a

Reuters

Singapore-registered container

ship Berglind, damaged in a colli-sion with a Danish ship in dense fog Monday night, sank Tuesday

off Glace Bay. Nova Scotia, the

Coast Guard reported. There was no one on board when it sank,

HALIFAX, Nova Scotia -- The

total loss of their investment."

Singapore Ship Sinks

assistant director in charge of

The New York City Police De-

find Mr. McNell.

while attempts are made to

Hugel Foe

Is Missing

N.Y. Becoming a Center for Weapons Traffic

Probe of Helicopter Gunship Conspiracies Spotlighted City's Role

NEW YORK - A five-month Customs Service investigation into illegal conspiracies to snuggle helicopter gunships to South Africa has brought growing law-enforcement atten-tion to weapons trafficking in New York.

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The main elements in the undercover federal investigation were seven helicopters, two fake South African intelligence officers, an informant who knew suspected arms dealers — and the bait of \$2 million for sampeling the heli-copters into South Africa. The inquiry ended earlier this year with the convictions of three men on U.S. and state criminal charges of con-

U.S. law enforcement officials say the inquiry demonstrated how New York has become a center of illegal trafficking in weapons and military equipment, mainly because of the city's strategic location for international shipment of cargo by air and sea.

Although the Customs Service investigation began as one case, it soon biossomed loto two other conspiracies. And three other investigations — involving arms deals to South Africa and to rebels opposing South Africa in South-West Africa (Namibia) — were aborted when other weapons traders became suspicious of the government's undercover informant.

Discussing the growing arms traffic in the New York area, John S. Martin Jr., the U.S. attorney for the southern district of the state, said, "The stricter federal laws controlling the export of military equipment are increasing the temptation for people to try to profit from the law by violating it." Mr. Martin's office prosecuted the three defendants.

Use of Informants

The investigation also illustrated the wide-spread practice by law-enforcement agencies of using informants to seek out suspected of using informatic to seek out suspected criminals and then baving undercover agents offer to pay them for unlawful acts. In this instance, two Customs Service agents posed as South African representatives who offered more than \$2 million for the illegal shipment of military helicopters from the country.

Officials in the U.S. attorney's office and the Customs Service said there was no illegal en-trapment in the belicopter cases, and all de-fendants pleaded guilty.

Details of the three cases were obtained from court documents and in interviews with Customs Service agents and the informant who was instrumental in locating the alleged

arms dealers. The informant, who said disclo-sure of his identity would jeopardize his life and employment opportunities, agreed to be interviewed only if his name was withheld.

In the spring of 1980, the informant began aiding federal authorities in New York, working mainly with two Customs Service agents, Joseph F. King and Edward C. Romeo. The informant said the first lederal case developed from information given him by an illicit arms dealer in the city that Sky Control Inc., an aviation sales company in Sun Valley. Calif., had surplus military helicopters for sale.

The informant told the owner of Sky Control, Jack Holiday, that South African government representatives were in New York, seck-ing to huy military helicopters. Congress banned the sale of military equipment, includ-ing helicopters that can be converted into gunships, to South Africa in 1963 because of that country's racial policies.

New York Meeting

On Sept. 19, 1980, Mr. Holiday arrived for a meeting at 1 World Trade Center with the in-formant, who described himself as a lawyer for South African intelligence officers secretly in the United States to purchase military supplies, and Mr. King of the Customs Service. who masqueraded as a South African officer.

The customs agent and the informant, in separate interviews, said Mr. Holiday agreed to sell seven unarmed Augusta Bell UH-1 helicopters — which can be equipped with guns — and spare parts for \$2.2 million. Mr. King said Sky Control had bought the helicopters for \$150,000 in 1976 after they had been used by the Netherlands military forces.

Mr. King said be emphasized that Mr. Holi-day would have to ship the helicopters to outh Africa in violation of the U.S. arms-control law. Shippers of military equipment must obtain a State Department export permit spec-ifying that the equipment is not going to a prohibited country.

The meeting and later telephone conversa-tions with Mr. Holiday were secretly tape-re-corded. Based on these discussions, the U.S. attorney's office accused Mr. Holiday of conspiracy to arrange "a false or cover" sales

The Customs Service confiscated the helicopters in California in December, 1980, and in April and May of this year criminal accusations were filed against Mr. Holiday's company in federal court and against him in state

Mr. Holiday pleaded guilty, on behalf of the

company, to charges of conspiracy to violate export-control laws. He is to be sentenced Wednesday in Federal Court in Manhattan. His company reportedly faces a minimum Customs Service administrative fine of \$100,000. He also pleaded guilty in state court to a misdemeanor count of conspiracy and was given a conditional discharge, or a suspended

Meanwhile, the Customs agents were introduced by the informant to two other persons whom he described as illegal weapons traffick-

On Sept. 23, one of the suspects, Gideon Schiff, met with the informant and Mr. King at the World Trade Center. Mr. Schiff, 44, lives in Toronto and holds Canadian and Is-

Again, Mr. King identified himself as a South African intelligence officer. He said he had seven belicopters stored in California which he wanted transported illegally in South

Mr. King, in court papers, said Mr. Schiff agreed to smuggle the helicopters to South Africa for \$500,000. On Dec. 19, Mr. Schiff met Mr. King, who carried a hidden tape recorder, in the lobby of I World Trade Center to transfer a \$250,000 downpayment. "Are you sure you can get the helicopters there, even though it's illegal?" Mr. King recalled asking Mr.

'Done It Before'

"Sure, don't worry," he quoted Mr. Schiff as having replied. "I've done it before."

Mr. Schiff was then arrested. He pleaded

guilty in federal court in Manhattan to conspiracy to violate the export-control laws, and on May I he was placed on probation for one

The third defendant in the investigation was Omar Aly Khan, 64, an engineer who was born in India and holds British citizenship. Mr. Kahn lives in London and maintains a New

Last autumn, the informant, again representing himself as a lawyer for South African military supplies purchasers, introduced Mr. Khan to the agents. At meetings in two New York hotels, Mr. King said Mr. Khan agreed to arrange the shipment of the helicopters from Los Angeles to South Africa for \$2 mil-

Mr. Khan was arrested Dec. 17 on receiving a \$5,000 payment from Mr. King. He pleaded guilty to charges of conspiracy to violate the control-of-arms laws and was sentenced in April to four years prohation.

Senate Rejects Attempt by Democrats Raise Alarm To Reinstate Social Security Minimums

By Jay Ross

On Detente

Washington Post Service

Africans

SALISBURY - Nine African nations, io an implicit criticism of the Reagan administration, have appealed to Western nations not to treat the continent as part of the East-West struggle.

In a message Monday to the Ottawa summit of Western industrial nations, the leaders of the Southero African Development Coordination Conference said, "We are alarmed that the crumbling of de-tente has increased East-West tension and the resulting conflicts are

President Reagan's courting of the move used to bring the resolution white minority government in Pre- to the floor, a two-thirds vote was toria because of its anti-Soviet stance, conference sources said. The African heads of government hoped that European influence could bring about a change in the U.S. attitude.

The message, sent to Canadian Prime Minister Pierre Elliot Tru-deau at the conclusion of a oneday meeting bere, also criticized "the faltering of the West's com-mitments to end South Africa's illegal occupation" of Namibia.

Monetarism Criticized

Opening the meeting, Zimbabwe Prime Minister Robert Mugabe criticized Western "monetarist ideologies. With some exceptions they seem mesmerized by economic theories which place little or no value on the buman person," be said.

"International society is based on an unjust economic structure, he said, adding that the refusal of the West to transfer resources to the Third World "is morally indefensible and extremely shortsight-

Mr. Musabe condemned South Africa's policies of racial separation and reiterated his criticism of efforts to alter a United Nations resolution designed to bring inde-pendence to South-West Africa (Namibia), controlled by South Africa. He did not mention the United States by name, but the Reagan administration is seeking to change the plan to make it acceptable to South Africa.

His remarks, however, were much more moderate than the criticism at last month's Organization of African Unity summit, which spoke of "an unholy alliance" be-tween the United States and South

There was no mention of South Africa or Namibia in a joint communique, which approved the es-tablishment of a small, permanent

The organization, established last year in the African euphoria over Zimbabwe's independence, comprises seven Western-oriented former British possessions — Tanzania, Zambia, Zimbabwe, Malawi Botswane, Swaziland and Lesotho - and two former Portuguese colonies, Angola and Mozambique, which are closely associated with the Soviet Union.

U.S. Phantom Crashes

The Associated Press COPENHAGEN - The two crewmen of a U.S. Air Force Phantom lighter were safe after their craft crashed into the Baltie Sea about 35 miles (56 kilometers) southeast of the Danish island of Bornholm Tuesday, the Danish Air Force rescue center reported.

WASHINGTON — The Republican-controlled U.S. Senate on Tuesday voted down a Democratic attempt to preserve the minimum monthly Social Security benefit. By a vote of 52-46, the Senate tabled an amendment to the pend-ing tax bill that would have restored the benefit.

The Senate has voted 53-45 to cut off the minimum benefit on June 23. Tuesday's Senate action came after President Reagan, accusing Democrats of playing "on the fears of many Americans" to keep the minimum Social Security benefit, said he would go on national television to make his case, but the issue is far from dead.

The House was considering a The leaders, seeking to reduce their economic dependence on South Africa, expressed concern at South Africa, expressed concern at benefit. Under the parliamentary required for passage. Rep. Wright said elimination of the minimum

defenseless in society, mostly in their 70s and most of them women. House Speaker Thomas P. O'Neill Jr., a Massachusetts Dem-

the oldest and the most politically

ocrat, said be was not sure Democrats in the House had the votes to pass the resolution, but "we're going to keep on the issue of Social Security." Outside, the National Council of Senior Citizens was scheduled to hold a rally on the Capitol steps to protest Mr. Reagan's proposed cuts. "I deplore the opportunistic po-

litical maneuvering, cynically designed to play on the fears of many Americans, that some io the Congress are initiating at this time,"
Mr. Reagan said in a letter to Senate Majority Leader Howard H. Baker Jr. of Tennessee. "These efforts appear designed to exploit an issue rather than find a solution to the urgent Social Security prob-

Approval of the resolution, Mr. Reagan said in a letter to congressional leaders, "would also have

Marshall Islands President **Seeks Greater Sovereignty**

By Robert Trumbull New York Times Service

MAJURO, Marshall Islands President Amata Kabua of the Marshall Islands said last week that he would seek "full independence" for this strategic chain of Pacific atolls if the Reagan administration rejected a plan for limited autonomy worked out with the Carter administration.

Mr. Kabua, who expressed anger over what he said were delays in the Reagan administration's review of the plan, said that be would visit Washington next week and take up the matter with offi-cials there. He described the trip. which be said was at the invitation of Secretary of Defense Caspar W. Weinberger, as his "first state vis-it" to the United States as the elected president of the Marshall Islands.

"We have reached the point of no return," Mr. Kabua said of the situation in an interview at Majuro International Airport after a visit to Japan as a guest of the Japanese government. Japan has shown a keen interest in its former Pacific empire. The Japanese seized the Marshall Islands in 1914 from Germany, which had bought them from Spain at the turn of the cen-

'Real Sovereignty'

If the Reagan administration re-pudiates the Carter-backed plan, be said, the Marshalls will insist on the "real sovereignty" of an inde-pendent nation. "Full independ-ence is the only way to go," he

In constitutions adopted during the last two years, the Marshalls and two other Pacific island groups, Palau and a part of the sprawling Caroline archipelago known as the Federated States of Micronesia, declared themselves republics under a formula for internal self-government approved by the Carter administration. A fourth group, the Northern Maria-nas, voted in 1976 to become a commonwealth of the United

States, like Puerto Rico. The 2 141 islands and atolls known collectively as Micronesia were wrested from Japan by U.S. forces in World War II. The United States has administered them, under a UN trusteeship, since 1947. The UN Security Council

will presumably have to approve their final political disposition.

The scenic but poor islands of Micronesia have a combined population of about 117,000, with about 30,000 of the people living in the low, verdant Marshalls. The total land area of the group is only 750 square miles (1,200 square kilome-

Last March, to the dismay of Mr. Kahua and other leaders in the islands, the Reagan administration suspended the Carter program lor ending the trusteeship pending an "interdepartmental review" that is still in progress. State Department officials said in Honolulu recently that the review was expected to be completed "hy the end of summer.

The islanders are becoming ever more restive and angry as the future of the Carter pact remains un-

The manner of Mr. Kabua's return bome to Majuro from Japan highlighted another aspect of the deteriorating relations between the Marshalls and the United States. There was no one on hand to greet him at the airport, a lapse in protocol that the 52-year-old president, who is also a revered traditional chief, attributed to U.S. foot-dragging in upgrading the primitive communications in the Marshalls and other islands of the trust terri-

Three separate messages giving the president's time of arrival had not been delivered on Majuro wheo his plane arrived, according to the Marshall Islands' secretary for foreign affairs, Anton de Brum, who accompanied Kabua to Ja-

U.S. Atom Opponents Try to Stop Dumping

BOSTON - Anti-nuclear activists in two rubber dinghies tried to prevent the operations of a 1,600ton ship dumping radioactive waste in the North Atlantic, a spokesman for the environmental organization Greenpeace said

Crewmen on the British-registered ship the Gem sprayed the dinghies with high pressure water hoses, a Greenpeace spokesman said. There were no casualties.

reversing the actions of a majority of both houses of the Congress' and thus would jeopardize economic recovery. 1935 Provision

ing the budget conference and

Specifically at issue in the House vote is a provision Congress wrote into the original Social Security Act in 1935 that no one eligible to draw retirement benefits would receive less than \$10 a month. Over the intervening years, Congress increased that figure to \$122. Under present law, anyone who works 40 quarters can draw that on retirement, no matter bow

low his or her past contributions. The White House calls this minimum figure an unearned benefit and welfare because it is not based on wages and working history. The White House figures that cutting these benefit checks will save about \$7 billion over the next five years. ft also says that other benefit programs will take care of those who need the minimum payment.

Both the Senate and House agreed that the minimum benefit should be abolished for those retiring in the future. The Senate then voted to remove the floor immediately, the House in April, 1982. Those proposals are now before a conference of 72 senators and 183 representatives assigned to produce a compromise budget bill.

In an analysis made public over the weekend, the Office of Management and Budget said that 10 percent, or about 300,000, of the 3 million now receiving the mini-mum benefit would be seriously affected, and these, it said, were already guaranteed the equivalent of about \$10,000 a year per couple from other federal programs supplemental income, food stamps

and Medicaid The White House budget agency reported that 1.2 million minimum beneficiaries would continue to get the same checks because they involve couples with two eligible members, 500,000 could make up the loss through supplemental in-come benefits, 200,000 were stu-dents or children and 800,000 enjoyed comfortable outside incomes from other pensions or working

By agreement, House-Senate conference working out differences in the two budget bills are not to drop features in both bills.

Meanwhile, Rep. Charles E. Bennett, a Democrat from Florida, was introducing separate legisla-tion Tuesday to continue the minimum benefit for those now eligible and those who apply over the next three years, paying for it from general government revenues.

U.S. Drops Suit Against Police United Press International

WASHINGTON - The Justice Department has dropped its 1979 lawsuit against the Philadelphia police department and former Mayor Frank L. Rizzo on charges of condoning police brutality, it was disclosed this week. The government decided not to

appeal a U.S. appellate court rul-ing that last year upheld a lower court's decision to throw out the case. The Justice Department had until Saturday to file an appeal with the Supreme Court but let the deadline pass without taking ac-

The government filed suit on Aug. 13, 1979, charging the city and Mr. Rizzo with systematically condoning police brutality ranging from shootings to beatings. The suit was the first of its kind against a police department.

tragedy.
Last July. 157 persons died of

By Reginald Stuart

New York Times Service

throughout the area, transforming

Kansas City into a bustling me-

ous construction projects begun

and completed in the last 10 years

was subdued, as those who have

played major parts in making the city what it is continued the ago-

nizing task of living with the disas-ter associated with the city's new

It occurred last Friday, at the

Regency, one of the city's show-

pieces and one of the properties owned by a subsidiary of Hallmark Cards. Inc., the greeting

card manufacturer hased here and

Toll Drops

free public dance featuring live big-hand music, two walkways sus-

pended from the ceiling and span-

ning the width of the lobby

plunged to the floor, crushing those below. The death toll was

lowered to 111 Tuesday, because,

officials said, two bodies had been

counted twice at the morgue, Relatives began burying the vic-

tims on Monday, with flags in the city and suburbs lowered and

"The mood after such a terrible

tragedy is, Well, we ought to blow

Recent Tragedies

hind Crown Center since be took

over from his father to the late

1960s, declined to be interviewed.

However, Mr. Johnson said that,

despite the tragedy, which Mr.

Hall described as some of the "darkest bours" of his life, the Re-

Mr. Hall, the moving force be-

it all down and start all over,"

not realistic though."

During the botel's Tea Dance, a

owned by the Hall family.

The enthusiasm over the numer-

tropolis from a sleepy cow town.

Kansas Ciry.

PASSAU, NOT VENICE — West German military engineers conveyed residents of Passau

through the flooded streets of their town after heavy rain caused the Danube to overflow.

KANSAS CITY. Mo. - When heat stroke here in a heat wave that swept the nation's midsection. the 40-story Hyatt Regency Hotel opened here a year ago, the event was another milestone in a master The 1978 Coates House fire claimed 20 lives. And in the 1977 flooding of the Country Club Plaplan by the city's prestigious Hall family to out a new face on downza, a shopping district south of downtown, 25 persons drowned. The Halls ambitious Crown Center Complex, of which the ho-tel is a part, is widely viewed as the and damage was estimated at nearly \$80 million. The city was spared major disaster when the roof of catalyst for several new construc-Kemper Arena collapsed in 1979. tion and lace-lifting projects start-ed or completed in the last decade

It was empty at the time. Many of those interviewed about the hotel tragedy said that they did not fear that Kansas City's reputation as a growing convention and visitors' attraction would sustain long-term damage. Robert Wood, president of Carl

Byoir & Associates, the New Yorkhased public relations firm that has represented Hallmark for 30 years and Kansas City for nearly

Kansas City is no stranger to 15, said, "The impact will be very temporary, because no city is immune to disasters, natural or man-

the outhreak of Legionnaires' disease in Philadelphia, the collapse of the sports arena roof in Hartford, Conn., and the recent botel fires in Las Vegas.
The Halls and associates ac-

I would expect people would be entitled to some kind of recompense." said Morton Sosland, a member of the board of Hallmark and editor and publisher of Milling & Baking News. I would be very surprised if it created tension that would be a source of prob-

FBI Probes Utah Shooting Death For Possible Libyan Connection

OGDEN, Utah — The FBI is conducting a preliminary inquiry into the shooting death of an unidentified man dressed in clothing belonging to a missing Libyan stu-

Colorado last year.

church bells tolling. Twenty-five funerals for the victims were held Monday and 37 more Tuesday. said William Johnson, an aide to Donald Hall, the 53-year-old chief executive of Hallmark. "That's just and reportedly lives in Libya.

lieve the attacks are part of a conponents of his regime.

gency would be opened in 10 to 12 working days, without walkways. **Breeder Reactor Overrun** In U.S. Is Laid to Politics

By Philip J. Hilts

Washington Past Service
WASHINGTON — The director of the Clinch River breeder reactor project has blamed most of its 450 percent cost overrun on the national political debate.

The estimated cost of the project soared from \$699 million in 1972 to \$3.2 billion, but 80 percent of that \$2.5 billion overrun is "the result of causes external to the project over which the project had no authority to manage," Lochlin Caffey testified Monday at a hearing of a House subcommittee on commerce and energy.

Mr. Caffey, a Department of Energy employee, said that more than a billion dollars of the overrun was caused directly by the na-tional debate over whether to proceed with the reactor. Fund cutbacks and attempts to shut the project during the Carter administration resulted in years of extra costs in salaries and inflation, be

If that debate had not taken place, he said, the reactor would be running in 1983 for a cost of \$1.95 hillion. It is scheduled to begin op-eration in 1990 for \$3.2 billion, 11

A. Ernest Fitzgerald, the controversial Air Force cost watchdog who was lent to the subcommittee to investigate the breeder reactor. disagreed hy saying that even now the project could run far beyond \$3.2 hillion. A chief cause of the continually rising cost, be suggested, is because the prime contracts have been written without binding provisions for cost, schedule or specific technical performance.

Another cause, he said, are technical problems. He quoted from a Department of Energy memoran-dum stating that the technical problems plaguing the steam gen-erators, a key element in the breeder plant, might be severe enough to warrant termination of the contract. The Department of Energy countered that the Clinch River

hreeder is not a simple technology, and significant technical advances beyond the state of the art had to be made in building the genera-

Problems with steam generators have plagued not only the Clincb River project, but virtually all other breeders in the world. These reactors operate at high temperatures and use low-grade uranium fuel while making another nuclear fuel, plutonium, as a hy-product The promise of making more fuel than it hurns has been a powerful reason for the continuation of the

U.S. May Start Prosecution in Draft Sign Up New York Times Service

WASHINGTON - The U.S. Selective Service System has sent a list of 134 names to the Justice Department for investigation and possible prosecution on the grounds of failure to register.

A spokesman for the Justice Department said Monday that the names would be given to U.S. attorneys throughout the country to determine, case by case, who should be prosecuted. The request prosecution was cleared with the White House, according to a

The first draft registration took place last summer, when men born in 1960 and 1961 were required to go to a post office to fill out a short form. A second weeklong registration was held in January. to a post office to fill out a 1981, when men born in 1962 were required to sign up, and then regis-tration was supposed to continue.

About 97 percent of the first group registered, according to the Scientive Service, and about 87 percent of those born in 1962 have signed up. But less than 70 percent of those born in 1963 have registered, the spokesman said.

Kansas City, Subdued by Hotel Tragedy, Expects to Rebound and Keep Growing

Mr. Wood offered as examples

knowledge that they expect liabilitv lawsuits and say that they are preparing to expedite settlement

Those people were terribly, badly burt, and in this day and age

An autopsy could not confirm the body as that of Mr. Mansour, who was a student at Weber State

College, and police do not have

dental records that might aid in

the investigation. Mr. Mansour's

whereabouts are unknown. He was

A man sought by pobce for questioning in the Mansour case, Mohammed A. Shabata, a former

Weber State student, was picked

up io Chicago on Friday as he was

attempting to board a flight to Li-

bya, according to Ogden police.

last seen July 11.

dent, a spokesman said.

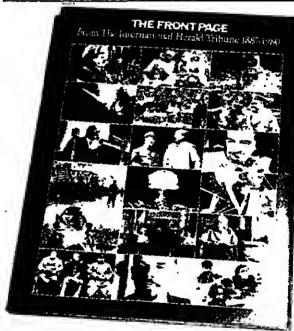
The clothing and a ring found on the bullet-riddled body, which was discovered stuffed in a car trunk Friday, were identified as belonging to Nahil A. Mansour, the owner of the car, police said. The FBI entered the case Monday to investigate any possible link between the Ogden case and the atstempted assassination of another Libyan student, Faisal Zagallai, io

The suspect in the attempted assassination of Mr. Zagallai, Eugene A. Tafoya, bas been linked by investigators to Edwin P. Wilson, a former agent for the CIA who bas been charged with illegally exporting arms to Libya and training terrorists. Mr. Wilson is a fugitive

Police refused to speculate about the possibility of a link be-tween the Ogden case and the one in Colorado or to the killings of several Libyan expatriates in Europe last year. U.S. officials becerted effort by Libyan leader Moamer Qadhafi to eliminate op-

The International Herald Tribune 1887-1980

THE FRONT PAGE



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few newspapers that stayed in Paris and was virtually

journalistic viewpoints.

THE FRONT PAGE is a distinctive personal or business

Page 4 Wednesday, July 22, 1981

Six Months of Reagan

On Monday President Reagan completed his first six months in office. His administration thus far has shown these defining char-• It is very much the creature of its leader.

a president who is relaxed, a delegator. He is comfortable in the job and not afraid of limiting his hourly, minutiae-bound involvement in it. And with this approach, paradoxically, be has strengthened his capacity to govern forcefully, to make things happen.

 It is reacting with vast energy and com-mitment and self-confidence to its own sense of mission and that of its basic constituents. This accounts for both its achievements and its shortcomings.

At the time of the president's election last November, there was in America a general consensus, much larger than that reflected in the actual Reagan vote, for correcting and reversing a lot of trends associated with Democratic liberalism and establishment dogma in both domestic and foreign affairs. The question is whether the administration, in responding to this mandate, is not in certain areas being as extravagant and doctri-naire and undiscriminating as were the perpetrators of all those various excesses it is trying to cure.

Mr. Reagan bas shown himself as skilled at the politics of making a government per-form as be was at the politics of getting elected. Witness the unexpected accomplishments of his ambitious plans for federal budget cuts. The president and David Stockman and company knew they had to move very fast, concentrate all attention on this issue, grease and/or contend with Congress where and as necessary, and let nothing take precedence over their early assault. It worked, at least insofar as budget cuts were made beyond anything previously thought possible. A negative result of this strategy has been that the preoccupation with the budget battle has either caused, or been used as a justification for, neglect of other business.

We will be frank with you: We couldn't be more pleased that some of this business has been neglected. On a variety of civil liberties, civil rights and so-called "social" issues (all political issues are social, even the ones that seem to be about geology), the administration has yet to get its act together or issue promised policy statements. We can wait. Congress and the Court are already doing plenty in this realm that strikes us as ranging from mischievous to miserable, and we do not have enormous faith in this administration as a prospective rescuer of the situation.

The general vacuum that has resulted from all the highly trained attention on the economic program has been filled or not filled, as you would expect, according to the caliber of the people doing other jobs. For example, although the administration's overall deregulation campaign has yet to be brought to fruition at Transportation, some practical, if difficult, decisions have been made, while at the Energy Department - and in fact in the wbole field of energy policy or lack thereof the indifference and inaction have been marked. Likewise, the president's concentration and that of his top aides on getting that economic package through must be accounted one reason wby within his national security group there has been such institutional -

dishevelment and noisy political discord. But the concentration on that package is not just a cause (of certain other behavior). It is also an effect, a result, the end-product of a kind of zeal that has led the administration to override everything in its way. Some things deserved to be overridden. But others didn't, including certain values and commitments that a federal government and a decent society should preserve. And so, as it awaits the general benefits promised by a dubious economic theory, it has put at risk by some of its welfare, Social Security and other federal domestic program cuts - the minimal well-being of persons who are already at the bottom of the economic heap. And when you combine this with the bias of the Reagan tax program toward the rich and the somewhat careless way in which the overhaul of certain policies affecting blacks is being approached, it takes on an aspect of coldness and indifference probably utterly at odds with what the president intends.

This all-or-nothing attitude is evident as well, of course, in the Interior Department and to some extent in the administration's attempt to reconstruct foreign and defense policy on some basis less wishy-washy and inconclusive than the basis it inherited. But the commitment, again, often seems to lack inner discriminations - on arms transfers and nuclear nonproliferation, for example. We are among those who believe that much of the administration's reaction and that of the public against prevailing national securi-ty nostrums was justified. But we often get the sense of being in the presence of an overreaction, a self-certainty and slavishness to doctrine that, whether in the buman rights field or that of Third World dealings or arms control, could propel the government from sensible actions to reckless exercises in theoretical point-proving.

It will take much time to test out the validity of Mr. Reagan's foreign policy assumptions (especially concerning U.S.-Soviet relations) and of his economic bet. And it takes more than six months to tell how much of an administration's early conduct is bere to stay for the whole four years. So everything is in doubt. And this is above all true of the big question: namely, whether this administration will be a four-year reaction - a fluke impelling a wayward political establishment to correct its course, or whether it is the beginning of something solid and big.

But we will say two things with certainty. One is that if the administration overreaches -- as it now seems inclined to -in its attempt to counter the defects of the Democratic past, it will hand Jimmy Carter his best revenge.

The other is that this administration would be enormously improved by the existence of a strong and intelligent and coherent Democratic opposition. But that is nowhere to be seen, and it is one thing, even in a political culture that holds presidents accountable for everything from heavy rainfall to baseball losses, that can't be blamed on Ronald Reagan.

THE WASHINGTON POST.

Trust in Intelligence

The Reagan administration bas two responses to a judge's finding that William Ca-sey once violated the federal securities laws, years before be became director of central intelligence. The president says the lawsuit is "old news." Mr. Casey says any infraction was the fault of brokers and accountants be relied upon. Neither response is adequate.

Sure, everyone knew that some disgruntled investors were accusing Mr. Casey and others of exaggerating the soundness of a farming company for which they sought capital. But now a federal court finds the key charges true. That is new news.

- As for Mr. Casey's claim of reliance on

others, that is precisely the argument a federal court has rejected. Yes, others prepared the circulars for potential investors, but Mr. Casey knew what they said — and what they didn't say about the company's less than fully operative farming units and heavily encumbering mortgages.

The issue here is not Mr. Casey's competence in intelligence but the administration's standard of responsibility. Directors, of intelligence or corporations, do not hide behind the misjudgments of subordinates. And presidents should not tumble to a subordinate's gloss of the record.

THE NEW YORK TIMES.

International Opinion

On American Effectiveness

There can be little doubt that Washington's economic policies will not only demand sacrifices from America's citizens but will also have consequences for Europe that we would prefer to do without. But it would be senseless to demand that President Reagan should change course, just when he has adopted policies that Europe had been urging on his predecessor for years. What Europe cannot do without is an America that is economically healthy and thus politically effective. - From Neue Zurcher Zeitung (Zurich).

Ways to Deal With Begin

The world, and notably the United States, must act swiftly to arrange a cease-fire between Israel and the Palestinians. The decision to bomb Beirut, and the appalling death and destruction which resulted, is a savage escalation of the fighting on the Israel-Lebanon frontier.

Mr. Begin, his election over, appears as incapable as ever of recognizing the risks he is taking with Israel's future, as well as that of the Middle East as a whole. He has the tunnel vision of a former terrorist, and tries to solve complex political issues by disproportionate military response to terrorism by Palestinians.

Terrorism must be stopped, but this is not the way. Mr. Habib's efforts at mediatioo de-serve support. But if Mr. Begin's stubbornness does not respond to reason, President Reagan will have no alternative but to be more ruthless in cutting Israel's defense supplies. The savagery of such indiscriminate air bombardment is not tolerable.

- From The Observer (London).

In the International Edition

Seventy-Five Years Ago July 22, 1906

NEW YORK - An editorial in the Herald reads: "Who says the automobile industry is not growing? There are 82,000 cars at present in use in the United States. New York leads, with a registration of nearly 31,000 machines, New Jersey being second, Massachusetts third and Pennsylvania fourth. The horse is not going, but it cannot be denied that the automobile has come to stay." There has been so much ballooning recently in this city that what was regarded as a scientific experiment is now looked upon as a nuisance. The World asks "just why a balloonist should be allowed to drag away honest people's washing, rip up roofs, ruin gardens and obstruct traffic in the streets."

Fifty Years Ago July 22, 1931

LONDON - The leaders of the Nationalist movement in Germany wired a message to Chancellor Brüning in London today, warning him that any obligations assumed by him in the conference there for credit to Germany would not be considered binding by the opposition. The telegram is signed, among others, by Adolf Hitler, the Fascist leader; Hugenberg, the Na-tionalist leader, and the Steel Helmet chiefs. The message is really directed against the powers represented in London, to warn them that any engagements entered into by the German delegates will be repudiated by the Nationalists as soon as they come into power, which they are hoping to do by autumn.



Ireland, 1940:

The IRA, a Hunger Strike

On April 19, 1940, David Gray, the U.S. minister to Ireland, wrote the following letter to President Franklin Delano Roosevelt:

T am in it up to the neck. For an hour this afternoon Count Plunkett and his wife and daughter-in-law besieged me in behalf of their son who is on the 55th day of his. bunger strike. My line was: "Why doesn't your son live for his country? Why doesn't he take legal and constitutional means to win a majority to his viewpoint?" They kept insisting that the Irish Republic was the only legal government and that consequently the IRA was legal and they must be treated as prisoners of war or political prisoners.

I said to them, "What if we four were the government and another body proclaiming to be the true government hunger struck against us? Should we give in to it? If we did so, what would become of the authority of our government?" They said this De Valera government is not a true government. It does not represent a majority of the people. "Who does it represent?" I said.
"The English," they answered ...

P.S.: We went in to the movie last night and were stopped by a long IRA procession escorting the body of the man who died after the hunger strike was broken. This was far more impressive and sinister than the one in the morning of the day before. There were at least three companies of 50 or 60 men each of IRA lads who marched as soldiers very smartly, though not in uniform and unarmed, and were determined looking lads, not the burns of the other procession. There was a long halt and they all stood impassively in the rain. It was very grim, a dedication not to love of country but to hate of the established order, whatever that might be.

On May 8, Franklin D. Roosevelt replied to David Gray:

THANK the Lord the hunger strike seems to be over. The continuation of hunger strikes and outrages of all kinds, IRA or otherwise, only hurts the cause of complete Irish independence in other

These U.S. government documents, are from the presidential papers at the Franklin. D. Roosevelt Library at Hyde Park, N.Y. 01981, The New York Times.

The Herald Tribune appeared in Paris on April 21, 1940, with the following front-page report from Dublin:

The eight-week-old hunger strike staged by six Irish Republican Army prisoners as a protest against the De Valera government came to an end last night, but too late to save John McNeela. He died four hours af-ter his comrades had agreed to call off the fast. He was the second victim...[The men] went on strike as a protest against the government's refusal to treat them as political rather than criminal prisoners ... [The survivors included] John Plunkett, who took part in the Easter uprising of 1916.

Nonproliferation Policy Is 'More Vigorous,' Maybe

NEW YORK — Two days after Secretary of State Haig said that the Reagan administration was "developing more vigorous policies for inhibiting nuclear proliferation," those policies turned out to include acquiescence in the development of breeder reactors, with which weapons-grade ouclear ma-terials can be produced.

International controls to prevent such production will be required, but, according to many knowledgeable commentators on Israel's bombing of Iraq's reactor, such controls can be got around. And the best control would be to prevent the production of trol would be to prevent the production of

weapons-grade material.

Officials explaining the administration's approach said it would apply only to Europe and Japan and not at this time to countries elsewhere. It still is a step back from the Carter administration's opposition to breeder reactors anywhere, rather than a "more viscorus" anti-proliferation policy.

vigorous" anti-proliferation policy.

This doubt, so quickly cast by the White House on a major element of Haig's arms control statement, suggests that the speech may not achieve two purposes his aides said he had in mind: to reassure the Europeans that the administration is serious about theater nuclear oegotiations, and to placate domestic liberals without alarming conservBy Tom Wicker

But even without the proliferation question, Haig's remarks might not have achieved those ends. He made a commitment of sorts to return someday to general arms control talks with the Soviet Union, but the administration view he described seemed restrictive and subordinate to its other security policies; and this reluctant approach may well outweigh, in European eyes, his pledge to begin theater nuclear talks late this year.

The secretary said, for example, that arms control talks could not solve such security problems as the vulnerability of American land-based missiles "until we demonstrate that we have the will and the capacity to solve them without arms control." In other words, arms control must wait until the administration's military buildup reaches a "position of strength" from which Reagan

judges it safe to negotiate.

Who knows when that will be, and how much getting there will cost? Meanwhile, that "vulnerability" is more a theory than a fact — a theory that overlooks the certainty that if the Russians were to attack those 'vulnerable" missiles, their society would be destroyed by the other two legs of the Amer-

Even the argument that negotiations can dn nothing about such problems as that the-oretical "vulnerability" is disingenuous. Had the United States been willing to limit Had the United States been willing to himit deployment of multiple, independently targetable warheads in SALT-1 — at a time when the Russians had none — American land-based missiles probably would not be even theoretically "vulnerable" today. Had the United States been willing to ratify SALT-2 with its limit of the such warheads. SALT-2, with its limit of ten such warheads per missile, any real threat to its arsenal would be lessened.

Arms control, Haig also said, should not "restrict the advance of technology." Why on earth not restrict some technology, like that of nuclear weapons and breeder reactors? A comprehensive nuclear test-ban trea-ty is available, if the will to enter into it were present in Washington and Moscow. After years of talks, agreement has been reached even on such thorny questions as on-site in-spections and Soviet and U.S. seismic sta-tions on each other's territory.

That particular restriction on the advance of technology would stop development of new nuclear weapons in its tracks — which may be why neither side is eager to complete the treaty.

Haig returned, too, to the familiar theme of "linkage" — the idea that arms control should be a reward to the Russians for good behavior, and that without good Soviet behavior arms control is not possible. The Reagan administration he said, would never accept the "appalling conclusioo" that "in order to preserve arms control, we have to tolerate Soviet aggression."

This comes from an administration that lifted the grain embargo on the nation that invaded Afghanistan. The counter-argument, widely made in Europe, is that nuclear arms controls make bad Soviet behavior — as in Afghanistan — less dangerous, and provide a safer environment for East-West economic and political competition.

And whose land-based missiles are sup-posed to be vulnerable anyway? If the Rus-sians are so bent on aggression that they might attack ours, why should they act in such a way as to earn arms control as a

And might not some forms of arms control, such as the real reductions in nuclear, armaments Reagan has said he wants, make it worth tolerating some forms of Soviet aggression - say, the invasion of Afghanistan that we're already tolerating nicely? 01981, The New York Times.

The Seed That Pol Pot Sowed

By Richard Holbrooke

The writer served as assistant secretary of state for East Asian affairs in the Carter administration.

WASHINGTON — There was

Vietnam and its irredentist ambitions remain the great unre-solved issue of East Asia, but there were differences aplenty between that scene in New York and the lineup that was so familiar in the past. Vietnam, oot the United States, was oow virtually isolated. America had no soldiers fighting on foreign soil: Vietnam, backed the Soviet Union, had more than 200,000 troops in Cambodia.

Thailand, Indonesia, the Philippines, Malaysia and Singapore—who form the promising Association of Southeast Asian Nations (ASEAN) - were the leaders of the UN conference. China, not even a UN member until 1972, and always a strong supporter of Vietnam's wars against France and the United States, was now among Hanoi's most vocal critics.

It was the defeat and withdrawal of the United States in the mid-1970s that created the conditions for Washington's improved diplo-matic position in East Asia. No longer does post-colonial rhetoric require calls, sincere or not, for U.S. withdrawal from Vietnam. No longer is it politically risky to be friendly to the United States, Since 1977 almost every nation in

U.S. relations steadily.

The only thing that has not seemed to change in 30 years is In-

dochina's nightmarish heritage -

the cause of the present problems, there is little doubt: Vietnam

shares responsibility for the trage-

dy with the crazed regime that it threw out of power; the Khmer

By now an one oceds to be told of the horrors of Pol Pot and his

group. No regime in recent times exceeded it for terror and system-

atic murder. What made the Khmer Rouge so awful was their

apparent intention of destroying their own people wholesale. It was not an ethnically based extermina-

tion, although certain death did

await Cambodians of Chinese or Vietnamese origin. It was the full application of a theory that the ur-

ban and educated classes had to be

eliminated rapidly and the country

rebuilt with as few vestiges of the 1,000-year-old traditions of Cam-

Pol Pot almost succeeded. The

Vietnamese invasion of December,

1978, drove him to guerrilla bases

far from the cities and saved what

In the upheaval that followed.

starving refugees — no longer pre-vented from fleeing — staggered into Thailand searching for food

bodia as possible.

was left of Cambodia.

Rouge movement of Pol Pot.

Whose fault is all this? About

endless war across its landscape.

WASHINGTON — There was Secretary of State Haig last week, making his first United Nations appearance. What did he talk about? Vietnam and Cambodia.

Vietnam and its irredentist arm. intense heat and the stench of death, the memory one took away from a visit was the silence, especially of the children, too weak even to cry.

Vietnam at that point could

claim, with accuracy, that it had li-berated most of Cambodia from Pol Pot. Clearly the people of Cambodia were better off for this imposed liberation. Yet the Victnamese are not popular in Cambo-dia today. Centuries of racial and territorial rivalries between Vict-namese and Cambodians have oot been forgotten, and to maintain their position in Cambodia against Khmer Rouge and other guerrilla elements often supported by outside assistance, the Vietnamese have had to keep more than

200,000 troops in Cambodia.

Pressure has built up on the Thai border, and on several occasions fighting has lapped over into Thailand, causing grave concern to the United States and Thailand's ASEAN neighbors. On June 23, 1980, a small battle broke out inside Thailand just as Secretary of State Edmund S. Muskie was flying to Malaysia for meetings with Asian foreign ministers. Within hours the United States, reminding

ments to Thailand, had airlifted a

relatively small but symbolically important amount of military

Washington sent sharp public and private warnings to Vietnam's bankrollers, the Russians. Moscow

claimed ignorance of what Hanoi was up to in Thailand, but the Carter administration told the

Russians it would hold them ac-

countable for Vietnamese actions

in Thailand. There have been no

The Reagan policy does not seem much different from what he

inherited. The major differences

seem so far to be rhetorical, with Haig abandoning the approach of letting ASEAN take the lead in fa-vor of U.S. leadership of anti-Viet-

This has its appeal, but if over-done could lead to divisions within

ASEAN, and between China and

ASEAN, that would serve only the

interests of Hanoi and Moscow. Among ASEAN's five members,

two — Malaysia and Indonesia — do not have the same level of feel-

ings about Hanot that Thailand and Singapore have. The United States should not take sides public-

ly between differing views in ASEAN, for without ASEAN soli-

darity -- never easy to achieve and

maintain - there is no hope of

There remains the insoluble

finding a solution.

equipment to Bangkok.

major incidents since.

nam sentiment.

The world's greatest nation cannot walk

away from the nightmare of Cambodia.

the region has been improving its the world of its security commit-

have changed, support of the Khmer Rouge is still unacceptable for the United States. What is there left for the people of Cambodia and for the entire region? The prognosis is hleak, light-ened not at all by the UN conference, which Moscow and Hanoi boycotted. The most popular man among most Cambodians, Prince Noro-dom Sihanouk, wanders from Pe-

or concern for American values

king to Pyongyang without a strategy but still personifying his na-tion to the rest of the world, as he has for more than 30 years. Neither the Chinese nor the Vietnamese trust him, Cambodian in-tellectuals despise him, the Thais have never forgiven him for win-ning a World Court case over a disputed temple on the border, and yet there is no one else.

The other groups on the border, the so-called "third forces" of men such as Son Sann, are a motley crew with little hope of gaining power in Cambodia. They evoke memories of other long-lost third forces over which Frenchmen and Americans have shed money, hope and sometimes blood since 1950.

and sometimes blood since 1950.

Accepting the Vietnamese takeover of Cambodia is also out of the
question for the nations of
ASEAN, China, Japan and the
West. To do so would be to accept
a forcible change in the strategic
balance in the region, and the Soviet Union, now building a naval
footbold along the South China.
Sea littoral, would be the major
beneficiary. It is for this reason
that the United States voted for
the Khmer Rouge claim to UN
membership, although the vote
was obviously a distasteful one.
But even Moscow seems to be But even Moscow seems to be

preparing for the day when Cam-bodian-Vietnamese rivalries reach the breaking point. There is evi-



dence that the Russians are becoming increasingly annoyed with Hanoi. A rivalry for influence has begun in Cambodia between Soviet and Vietnamese advisers.

For the United States, it is imperative to determine what its real national interests are, and to use limited but real influence to work towards them. I would list them as

· Maintain the security and integrity of Thailand, and support ASEAN unity.

 Deal with the human consequences of the continuing tragedy.
 That is, despite the heavy costs, continue to lead the world in refugee and relief efforts.

· Work with other nations in the region to contain and reduce Soviet military and naval presence in Vietnam and Cambodia.

· Make clear to Hanoi that it must either find a peaceful role in Southeast Asia, or else spend an indefinite amount of time facing all its neighbors and most of the rest of the world in an isolated

posture,
• Search, although the task will

be difficult and the chances of success small, for a way to effect a compromise political solution in Cambodia.

The reader may well ask, why should we bother? Why not leave the whole area, with all its tragic memories for America alone to stew in its own mess? The answer lies at two levels.

First, the global strategic bal-ance requires for U.S. national security a stable equilibrium of pow-er among the major states in the Pacific, and at this time, through its support of Hanoi, Moscow is trying to change that balance to its advantage. This will cause serious problems to the United States and

its friends, both large and small.

Second, the United States must try to deal with the human comes quences of the war and seek a po-litical solution, no matter how dif-

ficult, because as the world's greatest nation it cannot walk swelf from the problem. As long as the killing and chaos continues, to try and fail, if the efforts are honder ble, is far better than not to have ried at all.
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Lyudmila Zhivkova, Leader's Daughter, Is Dead in Bulgaria

From Agency Dispatches
SOFIA — Lyudmila Zhivkova,
38, daughter of Bulgaria President Todor Zhivkov, and considered the most influential person in the country after her father, has died, the official BTA news agency reported Tuesday.

The agency gave neither the date of her death nor what caused it except to say that it followed "a short illness." Bulgarian radio re-

OBITUARIES

ported her death for the first time on its noon newscast Tuesday.

Mrs. Zhivkova was a member of
the Bulgarian Communist Party's ruling Politburo and chairman of the Committee for Culture: BTA said that her death "is a hard and lamented loss for the party and the people and for Bulgarian culture.

There had been no public word that Mrs. Zhivkova was ill. She appeared to be in good health when she visited Austria last

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Managerial Skills

Mrs. Zhivkova, an ambitious, strong-willed woman noted for her managerial skills, 'owed much of her power to the influence she wielded on her father, Bulgaria's longtime Communist Party chief

and head of state.

Her post as chairman of the Committee of Culture gave her broad powers in this pro-Soviet nation of \$.8 million people. She was considered the unofficial leader of Bulgaria's "new class" of young, well-educated intellectuals and technocrats who grew up under the Communist system.

Bulgarian capital of Sofia on July 26, 1942. She studied history at Sofia State University and in 1970 enrolled at St. Anthony's College, Oxford, England, for a year of postgraduate research on British

policy in the Balkans before World War II, While in Britain, she lectured in Bulgarian history at Ox-ford and in London on the contribution of Bulgarians to European civilization.

Unofficial First Lady

Following the death of her mother in 1971, Mrs. Zhivkova as-sumed the unofficial role of Bulgaria's First Lady. She was elected to full membership in the party Central Committee in 1976. Three years later, she was elevated to the Politburo, the policy-making arm of the party. Last May, she was given supervisory responsibility within the Politburo for all state

She was widely respected within Bulgaria for her promotion of arts and culture and for her close links to the country's artistic community. Under her tutelage, the regime gradually ahandoned the dogmatic approach to arts that affected culture bere during the 1950s and

Despite her prominence, little was known of her personal life. She was married to Ivan Slavkov, 41. director-general of Bulgarian Television. She had two children, a daughter, Zheni, and a son, Todor.

Arthur K. Train

NEW YORK (NYT) - Arthur K. Train, 79, author of "Spoken Like a Frenehman," a guide to French argot, died Sunday of heart failure. Mr. Train also translated from the French "Fire From Heaven," a novel about Giles de Rais and 15th-century France.

Roxane Kamenstein NEW YORK (NYT) - Fashion designer Roxane Kamenstein, 72, died Saturday. She was the author of "The Secret of Couture Sewing"

tective William Majeski, "began as

a low-key verbal altercation re-

room. I know it doesn't sound very logical to get into a fight over a bathroom, but the fact is, it is not

What happened outside the restaurant is unclear. Police have is-

Prostitute's Child

the child of a prostitute. Mr. Ab-

bott at 12 was sent to reform school for car theft, burglary and

gun theft. Free at 18, he was out of

prison for only six months before being sent back for writing a bad

check. At 21 he killed a fellow in-

mate. Later, during an escape from prison, he robbed a bank. Between

the ages of 12 and 37, he lived out-

side prison for approximately nine

that he had been "state-raised"

and because of having lived a life in prison, be lived "only through words, through reading and my immature imagination, I can imag-

ine I feel those emotions...but I

at the time of "The Executioner's

Song" about Gary Gilmore, the Utah murderer who died by firing

squad in 1977 in the first U.S. exc-

cution in a decade. Mr. Ahbott, in

a letter to Mr. Mailer, said he un-derstood that Mr. Mailer wanted

to learn about prison life and that

he could describe what it is like to

he a long-term prisoner in an

American prison. A correspondence began, resulting in 1,000 pages of letters from prison. Mr.

Mailer took the letters to his agent, Scott Meredith, and Mr. Meredith

took the book to Random House.

\$150-2-Week Researcher

to know Mr. Abbott since his June

\$150-a-week researcher for Mr. Mailer and living in a halfway

house. "It was quite extraordinary;

in the book he talks about violence being a way of life in prison, but in outside life, that wasn't the case,"

"There was no sign of any vio-lent behavior... He did become frustrated rather easily over small

things... He didn't know anything

about the ways of the outside world, little things. "He called up the other day be-

we gave him his money he didn't

even know how to open a bank account. His editor at Random

House had to go with him."
Mr. Meredith spoke with his au-

Mr. Merediti spoke with its author last Friday night, he said, just hours before the stabhing. The conversation had to do with the McDowell Colony, an artist's retreat in New Hampshire. Mr.

Abbott wanted to know how to ap-

ply. They also discussed a book Mr. Abbott wanted to write. It was

to have been a novel, said Mr. Meredith, about making the ad-

justment to outside life.

Mr. Meredith, who had gotten

release, said he was working as a

"Norman called and said this

Born on a Michigan army base,

garding the availability of a bath-

Convict-Author Is Sought In Killing of N.Y. Waiter

By Joyce Wadler

hington Post Service NEW YORK — A convict whose book on prison life was reviewed well last month, and who was championed while in prison hy Norman Mailer, is being sought hy police here for questioning in the stabbing death of a Manhattan

Jack Henry Abbott, the object of the police search, is the author of "In The Belly of The Beast: Let-

ters From Prison."
Police said that a man had been sitting at a table in the restaurant with two women when he got into an argument with waiter-manager Richard Adan at about 5:30 a.m. Saturday. The men stepped outside to continue the argument. Sometime later, Mr. Adan, 22, was fatally stabbed in the chest and the

The argument, according to De-

Cooke Says Titan-2 Case Deal Abused

By Charles R. Babcock

Washington Fost Service
WASHINGTON — The Air
Force Titan-2 missile officer under investigation for allegedly passing defense information to the Russians has charged the chief of the Strategic Air Command with trying to cover up apparent flaws in the immunity agreement that is

a key part of the case.

Capt. Francis W. Pedrotty, the attorney for 2nd Lt. Christopher M. Cooke, said in papers filed last week in the U.S. Court of Military Appeals that Lt. Cooke should be released from custody, and his po-tential court-martial blocked, be-cause Gen. Richard Ellis, the SAC man was a major writing talent and we agreed," says Mr. Mere-dith, who negotiated "a modest deal, a \$15,000 advance, though commander, abused his anthority in pressing charges. Lt. Cooke has been charged with making unauthorized visits to the Soviet Em-

The court papers quoted an Air Force investigator as saying a su-perior had heard that Gen. Ellis was angry because he knew the immmity promise would bar prose-

According to the investigator, the superior quoted Gen. Ellis as saying that, because he was about to retire, "he was going to get Lt. Cooke." Since then, Gen. Ellis and his chief legal adviser have kept Capt. Pedrotty from taking testi-mony, which would "indicate a cover-up is already taking place." the court papers said.

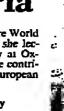
Codes Changed

A SAC spokesman in Omaha declined to comment on the charges.

Pentagon sources said that, after Lt. Cooke was arrested in late May, codes to nuclear missiles had to be changed. At the time, authorities said Lt. Cooke, 25, from Richcanse he had run out of toothpaste and he didn't know where you go mond, Va., was identified as hav-ing visited the Soviet Embassy to buy a tube of toothpaste. When

Capt. Pedrotty and Lt. Cooke's civilian attorney, F. Lee Bailey, countered that their client should not be prosecuted in military or criminal courts because he had been promised complete immunity if he cooperated and passed a lie detector test about his contacts with the Russians.

Justice Department prosecutors are reviewing the case but have indicated the immunity problem may bar prosecution on espionage







The Vernon version of the Mona Lisa (left) and the Louvre Lisa: Note differences in smile, hands, hair and background.

Mona Lisa: Capers and the Multiple Version Theory

in the middle of the French Revo-

lution. According to Reit and the Vernon family legend, William

eventually returned to the United

A hutcher, married and a father,

abmits to a sex-change operation

in his passion for another man.

However, the alteration is only partial. He bas an urge to wear

men's elothes and seek adventures

in a park where homosexuals roam

and where his presence is unwel-

come. In feminine attire he walks the streets, though be resembles a

middle-aged hausfrau rather than a likely prostitute. He is desperately

unhappy and there seems to be nothing that can be done about it.

pathy for his protagonist or state

his problems with clarity, he em-

ploys the indirect method both

dramatically and cinematically. The simplest scenes are shot from

peculiar angles, artificialty trou-

bles the acting and the spectator

tends to wonder if the ensemble is

"The Year of the 13 Moons"

"L'Année des 13 Lunes") is at the

Racine and Les 14-Juillet Bastille

Moscow Film Awards

MOSCOW (AP) — "The Wrong-Oui Man" (Brazil), "Wild Field" (Vietnam) and "Teheran-

gold medals at the 12th interna-

tional Moscow film festival, Tass

reported Tuesday.

The international jury, headed by Soviet director Stanislav Rostotsky, gave silver medals to "Temporary Paradise" (Hungaryl, "The Reward" (Norway) and "Muddy

(Soviet Union) were awarded

not a joke on the audience.

in German.

woozy scances by candlelight.

By Jeffrey Robinson

utional Herald Tribune ONDON - At 5:30 in the afternoon, the Louvre's curator of Egyptian art was the one to make the official statement. "La

Joconde is gone."

1t was Aug. 22, 1911. Someone bad stolen the Mona Lisa. ft was two years before the painting returned to the Louvre. All that time, it lay hidden in a room within walking distance of

Truth is not only stanger than fiction; it is much more fascinating," says Seymour Reit, whose book "The Day They Stole the Mona Lisa" has just been pub-lished in Britain hy Robert Hale. (It was brought out earlier this year in the United States by Summit Books.) "The theft of the Mona Lisa was engineered by two geniuses who never had any real interest in the actual painting ex-

cept to get it out of the museum."
The hrain of the team was a selfstyled marquis called Eduardo de Valfernio, a South American who found some American millionaires each willing to pay \$300,000 cash for the Mona Lisa. The talented member of the team was an art ressued no warrant and filed no charges. Mr. Abbott is being sought only for questioning. torer from Marseilles named Yves Chaudron, He painted six "per-fect" Mona Lisas, Once the da Vinci painting was out of the Louvre, each of the six could be sold as the original, and they were. Da Valfernio and Chaudron disappeared. The three men who actually pulled off the heist were left with the genuine da Vinci, which

one of them finally tried to repatri-All that alone would make for a thriller, but while working on the book, Relt became convinced that he had found an even bigger story. Reit's research led him to search

for copies of the Mona Lisa. There are literally dozens of great copies of this painting in the world [many hy da Vinci's students]. But they're not usually confused for the real thing. I personally saw 12 different versions and, of those,

four were very good."

The first is the da Vinci in the do not. At age 37 I am barely a precocious child, My passions are those of a boy."

The book came into being when Mr. Abbott contacted Mr. Mailer Louvre. The second is in Nice. An antique dealer came across it in a small shop; it is probably a 19thcentury copy. The third, owned by the Pulitzer family, is now in a Swiss bank vault. Reit also doubts the authenticity of this Mona Lisa, but be said of the fourth, which is in New Jersey: "I think there is reason to believe that it was painted by da Vinci."

Not Dated

Da Vinci did not write about the Mona Lisa in his diaries, as be did for his other work, and the painting is not dated or signed, though it was likely done in 1503-06.

A da Vinci hiographer, Giorgio Vasari, wrote in 1550 that the master worked on a portrait of the wife of Francesco del Giocondo for four years, then "left it unfin-

that's pretty good for a first book." Mr. Meredith said that Mr. Abbott Low-Calorie Wine should earn about \$60,000 from books currently in print, and his royalties could go as high as \$200,000. Gets Boost in U.S.

Los Angeles Times Service LOS ANGELES - Paul Masson Vineyards says a technological breakthrough permits it to make the lowest-caloric wines yet pro-duced, and throughout the year.

not just at harvest time.

That would put Paul Masson a step ahead of Coca-Cola Co., the first to announce low-calorie wines, under the Taylor label, but Coca-Cola has said its process can be used only shortly after harvest if the freshness of the wine is to be

French king Francois 1. Reit points out that the painting in the Louvre does not appear to be un-finished, but he said it is probable that the edges of the painting were cut away to accommodate a frame. Also in the Louvre, dated 1505, is a Raphael sketch of the Mona Lisa in which columns surrounding the lady are elearly visible.

A Thriller With Ginger By Thomas Quinn Curtiss

PARIS — The Grand Guignol was driven out of husiness more than a decade ago hy the screen's greater proficiency at imparting the creeps. The latest man-ifestation of this cinematic impulse is "The Boogey Man" by Ulli Lommel, which represents a reunion of the surefire features of the familiar formula, with some added ginger.

A little boy and his sister spy on their mother at amorous play with her lover. The lover hrutally pun-ishes the boy for this invasion of privacy and in revenge the boy stahs bim to death with a kitchen knife. Sex, sadism and murder in reel one.

The years pass and the boy, grown to manhood, is the farmand on his married sister's estate. He has lost the power of speech and moons about in a barn where animated pitchforks fly around perilously. The sister is obsessed by her gruesome memories and her husband forces her to revisit the house of the crime to cure her of her hysteria. Enter the supernatural. A mirror in the fatal bedchamber has recorded the horrible night. When a priest is called to exorcise it, all hell breaks loose.

A few gulps of the scenario and we have the satanie possession of "The Exorcist," the uncanny warn-ing of "The Omen" as a finale probably the overture to a sequel - the hrooding threat of "Hallowcen" and the haunted house, spec-tres and flashing knifeplay of countless other popular shudder-raisers. Lommel has stirred the witches' brew with a dexterous

hand and serves it piping hot. The day of the sinister thriller is by no means over, but since it is in vogue, more novel sources should be tapped. Bunuel a year or two ago promised a screen version of Huysman's "Là-Bas," that startling novel of sorcery and devil's work in the Paris of the '90s. He appears to bave dropped the project. Some ambitious filmmak-

er should pick it up.
"The Boogey Man," billed in
French as "Spectre," is at the Paramount City-Triomphe and the Paramount Odéon in English. . . .

"The Year of the 13 Moous," by the non-stop West German cineast Rainer Werner Fassbinder, though not a borror film, is quite horrible.

Its premise — a man is transformed into a woman - has proorded Thorne Smith in "Turn-about," George Axelrod in "Good-bye Charlie" and other comedy writers with stuff for sport. Fassbinder presents it with portentious, grotesque intent.

We are informed that the 13-

moon year, according to supersti-tion, harbors violent changes. Such a year was 1978, in which the film was made and story unfolds. (The next 13-moon year is 1992, com-fortingly distant.) This is an effective introduction. Consider, now,

Nun, a finished picture by Leonar-William Henry Version, who in do da Vinci." 1778 was sent from America to sow wild oats in France. He liked the life, stayed, and found himself

That painting, now in New Jersey, "is one I've seen and studied and find to be more beautiful than the version in the Louvre, but not as richly painted," Reit said. "It was not uncommon, you know, for States with a painting entrusted to him by Marie Antoinette, which he an artist to do several versions of the same subject."

> Reit's theory is that da Vinci painted La Gioconda for her hus-band before 1505, when she was probably in her mid-20s. This would be the Vernon Lisa. The columns are there, so it really couldn't be a later copy." he said. (This painting and the Louvre's are the only versions done by a left-handed person, he said, and da Vinci was left-banded.) By about 1513, Reit believes, the lady had become the lover of a powerful Florenune, who asked do Vinci for another portrait, and da Vinci, as a prank, duplicated the earlier pose. The second one does not show the fresh, youthful woman of 1505, but it does show the artist at the beight of his power."

Strong Case

There are gory sequences in a Reit is not alone in believing slaughterhouse and boring ones at there's a strong case for the Ver non version's being hy da Vinci. In 1929, the Fogg Museum at Har-vard University dated the painting It is possible that the genius of Wedekind might have wrought an impressive drama from the materi-"unmistakably from the da Vinci exposed here. Fassbinder is no period." Other experts have gone Wedekind and on this occasion is an extremely awkward director. so far as to say that it clearly shows da Vinci's hand. Not only is he unable to gain sym-

Understandably, officials at the Louvre do not agree. Madeleine Hours, director of the Louvre's Laboratory Services Department, said: "Sketches of the painting may be possible, but another painting, no, never. Leonardo did very few paintings and never repeated himself."

The Vernon painting is on canannte' on wood, and there, Hours said, is the main clue: Da Vinci did not work on canvas, nor did other painters of his circle. "I must very elearly state that any version of 'La Joconde' hy da Vinci, earlier or later, is totally out of the question,"

Reit counters, "Canvas was just then coming into use and there is no reason to believe that da Vinci might not bave been curious enough to try it. I'm not saying that the Louvre version isn't by da Vinci, just that the 'two Lisas' the-ory fills in a lot of historical gaps And if she's smiling in the Louvre it might he because she knows more than the rest of us."

'Arrogani Attitude'

By Ellen Lentz

New York Times Service

BERLIN — Twenty-five years after the death of Bertoli Brecht, a group of West German theatrical directors and performers

has called on the East Berlin Acad-

emy of Arts to place Brecht's plays in a national trust and divest his

legal heirs of some of their rights.

The West Germans took their

step after one of Brecht's daughters. Barbara Brecht Schall, who

lives in East Berlin, barred a West

German director. Hansgunter Heyme, from producing Brecht's "The Good Woman of Sezuan" at

the Stuttgart state theater. The

move did not come as a surprise; a conflict between Brecht's heirs and

theaters in East and West Germa-

ny had been shaping up for some time.

When Brecht died in 1956 in East Berlin, where he had settled after his return from the United States, he left a will giving his heirs control over the production of his works on the German-language stage. Under existing copyright laws, they also receive the royalites for any production during a 70-year period after the author's

"Brecht's plays belong to the theater and to the public," the West German Academy of Performing Arts said in its appeal to the East Berlin academy. "Because of the arbitrary and arrogant attitude of the Brecht beirs, we favor your setting up a national trust for his work." The West German academy, which has more than 90 directors and producers among its members, added that royalties and other economic benefits should remain with the heirs.

The heirs are Brecht's three children: Hanne Hiob, a West Ger-man actress; Stefan, a writer and translator who lives in New York; and Schall, a member of the Ber-liner Ensemble, the theater her fa-

New Vatican Chapel

The Associated Press

VATICAN CITY — The Vatican has opened a new chapel dedicated to the three patron saints of Europe — Benedict, Cyril and Mathedius Theodore. Methodius. The chapel, in the Vatican grottoes under St. Peter's basilica, is expected to be available for services in mid-August. It is decorated with panels depicting the three saints.

To Bypass Brecht Heirs ther founded in East Berlin after the war. Her husband, Ekkehard Schall, is co-director.

Theater

West Germans Seeking

Barbara Schall has been instrumental in preventing East Berlin theaters other than the Berliner Ensemble from staging Brecht

plays, according to one German director, Mathias Langhoff, Langhoff said some years ago that he was forbidden to stage "The Days of the Commune" at the East Berlin Volkshühne even though the Brecht ensemble had no plans to produce the play on its own stage. Langhoff has since crossed over and works in West

Germany.
"Breeht's heirs ean give rights or refuse them," he said recently. "I find it right and good for the Ber-liner Ensemble to concentrate on Brecht's works as far as possible." But he added that it seems "wrong for the heirs to har other theaters from producing the plays even though they are not on the Ensem-ble's reperiory."

The letter to the East Berlin academy and one to Heyme urging him to proceed with the Stuttgart production were signed by three directors — Claus Peymann of the Bochum Theater, Jürgen Flimm of Cologne and Frank Patrick Steket Heidelberg - in the name of

the West German group.

The East Berlin Academy of Arts has already placed most of Brecht's other writing and papers in an East German heritage trust.

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PARIS, JULY, 1981

A SPECIAL SUPPLEMENT

GULF STATES

Six Nations Forge Ahead On Logical Path of Unity

By Ken Whittingham

FOR BAHRAIN, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates sharing a common language, relig-ion, culture and historical heritage — cooperation is simply good sense. The rulers of the six nations met in Abu Dhabi in May and formally committed their states to membership in the Gulf Cooperation Council (GCC).

The council, set up earlier this year, is not a new venture for the six. Ministerial meetings and joint councils have been convened regularly during the last two years to develop the exchange of informa-tion and coordinate planning between the states of the Gulf, Positive effects are already apparent in the economic sphere, where joint investment in major industrial plants has diminished the duplication of efforts.

Because they are all to a greater or lesser degree dependent on oil, and are all embarked on much the same path of development within the same time period, cooperation, could offer major economic benefits. Joint efforts in the production, marketing and purchasing of raw materials can ensure that development investments are not wasted producing commodities for which there are no markets.

have many close ties of kinship, and clearly it is advantageous to have relatively easy access between neighboring countries. This also applies to businessmen, who are being encouraged to invest in the Gulf itself rather than putting their wealth in the hands of Western fi-nancial organizations. With the heavy industrial development phase well on the way, there is great potential for local entrepreneurs to engage in light in-

Mutually Beneficial

Barely a day passes in the Gulf without some meeting being held or agreement being signed to bind the six states more closely. The relationships are mutually beneficial, and no threat is posed to the sovereignty of any of the states.

Formal cooperation is a logical step as each state reaches a level of organization where such coordination becomes possible. But it is also an urgent but mature political response to the threat of foreign intervention or even political meddling in this sensitive, vulnerable reservoir of the world's energy sup-

Since the Iranian revolution removed the heavily armed, Western-backed regime of the late shah, Mohammed Reza Pahlavi, Western politicians and experts have again turned the spotlight on the Gulf as an unstable zone susceptible to invasion by Soviet forces and incapable of self-defense,

The same kind of argument was The people of the six Gulf states raised by opponents of Britain's military withdrawal from the Gulf in 1971. But a great deal has changed in the last decade. As each of the Gulf states has found political and, more importantly, eignty, it has succeeded in solving domestic problems and reducing its dependence on foreign support. Moreover, the surplus wealth of

the Gulf states has given them a unique position in the world as major aid donors. At least three - Saudi Arabia, Kuwait and the U.A.E. - have consistently figured in the top 10 aid donors in absolute terms. But these states are themselves developing, and their attitude toward the recipients is different from that of advanced Western nations. Thus the Gulf states have, through their financial policies, won friends and ties in most of the Third World to become effective leaders in the Islamic and Group of 77 blocs at the United Nations

Highest Levels

The Gulf states are no longer backward, anachronistic fiefdoms from which oil can be obtained in exchange for a little money and consumer goods. They bave their own economic base, social and administrative structures, and they have earned a place in the highest levels of the commercial and in-The fall of the shah, the police-

man of Western interests in the Gulf, not surprisingly created pan-ic in Washington and in European capitals, but there was not much evidence of panic or even surprise in the Arab Gulf states. Nevertheless, the lessons already learned by most governments in the region were confirmed. Development, they all knew, es-

OMAN: Revision of Policy Brings Dramatic Results

Oman is beginning to concentrate

more on building up industries, be-

Oman could become a major

supplier of agricultural products in

the Gulf. The industry was in serious decline before 1970, even

a monsoon rainfall unique in the

Gulf region, the province has

Under the five-year plan, the

Ministry of Agriculture is prepar-ing a \$300-million project to pro-

vide advice and services to farm-

ers, and also is expanding and im-

proving irrigation networks be-

hoosted exports

sides oil, with export potential.

pecially of the high-speed variety seen in the Gulf, is a risky business, especially if the ruler gets carried away with his own ambitions and forgets the people. If the peo-ple are ignored and alienated, all the weaponry and repressive systems in the world will not be sufficient to keep them down. Social Development

Sheikh Khalifa

... QATAR

bin Hamad al-Thani

Sheikh Zayed bin Sultan al-Nahvan

... U.A.E.

In those states that were not already embarked on a sensible course, there was an increase almost overnight in spending on social improvements, housing, health and so on. Such development was already taking place, but it was speeded up to make a more dramatie impact on the population. This was especially felt to be necessary in Saudi Arabia after the extremist attack on the Grand Mosque at Mecca.

All this - plus increased cooperation between immigration and security services, and the coordina-tion of labor policy between the states - was aimed at preventing domestic unrest, or the opportunity for foreign agitation. Kuwait in particular has had problems with its large and long-term immigrant community and has always emphasized that the real threat to the Gulf lies within the region, not from external forces.

The emir of Qatar, Sheikh Khalifa bin Hamad al-Thani, who was

idea of Gulf cooperation as a step toward a common market and eventual unity, has often said that such cooperation and coordination is the only deterrent to foreign am-

Sheikh Isa bin Sulman al-Khalifa

Stronger Terms

Saudi Arabia's foreign minister Prince Saud al-Faisal, put it in stronger terms before U.S. Secretary of State Alexander M. Haig's visit to the region earlier this year. He told an Arabic magazine: There are no interests for any power in the Gulf except those of the people of the Gulf themselves. The interests and security of the Gulf can only be protected by the states of the Gulf."

Nevertheless, there are still those in the West who feel that Gulf leaders are merely placating radical Arab states by rejecting a military alliance with the West. Such an attitude reveals a misconception of the concerns of Gulf

In the last 10 years, the Gulf has

Joint Projects Bring Diversity To an Oil-Dependent Economy

Analysts have

Sultan Qaboos bin Said

By Edmund O'Sullivan

KUWAIT

SAUDI ARABIA

IRAN

THE GULF states are increasingly investing in joint projects to develop sources of income besides oil and to build up the re-

The latest Gulf government project is the Saudi-Bahrain cause-way, which will provide a road link between the island and the Arabian peninsula. The plan has been allocated funds in the 1981-1982 Saudi budget, and the low bidder for the construction contract - a consortium led by Ballast Nedam of the Netherlands - is confident that work will get under way this

Although it is essentially bilateral rather than pan-Arab, the cause-way is indicative of the trend greater cooperation. It should have some benefits for the United Arab Emirates, as well as for Saudi Arabia and Bahrain. By belping to open the buge Saudi market to Bahraini manufactured tinued political stability.

There is no organization that acqually coordinates Gulf economic development. There are, however, several pan-Arab agencies in which Gulf states participate. The most active is the Organization of Arab Petroleum Exporting Countries, established in 1968 to consider ways of increasing cooperation in economic projects. Five members of the Gulf Cooperation Council

OAPEC's oldest project is the Kuwait-based Arab Maritime Pe-

welcomed moves to coordinate economic development projects because this indicates a greater willingness to sacrifice national objectives for a regional approach.

products. Unfortunately, its creation almost coincided with the tanker market slump. Last year was the first in which the company recorded a profit.

The Arab Shipbuilding and Re-pair Yard Co., founded in Bahrain goods, the causeway will stimulate a year after the transport compaactivity on the island, helping to ny, has had a more satisfactory create the jobs necessary for con-Muharraq Island by a man-made causeway, is 4 years old this year.

A third OAPEC project, Apicorp, has been consistently profitable since it was founded in 1975. lis role is to provide long-term financing for hydrocarbon-related projects in Arab countries. In the Gulf, it has helped finance the ex-pansion of oil industries in of the Gulf Cooperation countries are in OAPEC — the exception is principally through towns out of creasingly through equity participation. Its latest Gulf project is a Bahrain, Qatar and the U.A.E., built in Rabigh on Saudi Arabia's Red Sea coast.

The latest OAPEC project is the

this year. The company will bid for consulting contracts in the Arab world, and is intended to be a training ground for Arab petroleum industry engineers.

King Khaled ... SAUDI ARABIA

Sheikh Jaber al-Ahmad al-Sabah

... KUWAIT

Outside Gulf

Although only one OAPEC company is outside the Gulf — the Libya-based Arab Petroleum Services Co. — the organization's in-terests range to North Africa and the Mashreq. For example, at its meeting in Kuwait in May, OAPEC decided to found a second dry dock company in Algeria. Syria and Iraq are likely to be the beneficiaries of other new OAPEC

Some newer projects in Bahrain bave a more specific Gulf orienta-tion. The Gulf Petrochemical Industries Corp. [GPIC], which was inaugurated in March, is owned by Kuwait's state-owned Petrochemical Industries Co., the Saudi Basic Industries Corp. and the Bahrain National Oil Co. The \$400-million plant will produce methanol and ammonia.

Dredging has started in the north of the island for the Arab Iron and Steel Co., which is owned by the Kuwait Foreign Trading. Contracting and Investment Co., Ktrwait Metal Pipe Industries, the Arab Industrial Investment Co. the Arab Mining Co., private Gulf nationals and the Iraqi goveroment. The project is expected to cost \$300 million, and will produce steel pellets for further processing in local industries.

In contrast, the Gulf Aluminum Rolling Mill Co. — the result of a feasibility study by the Gulf Organization for Industrial Consultancy - is entirely state-owned. shareholders are Bahrain, Iraq, Kuwait, Oman, Qatar and Saudi Arabia. Abu Dhabi was invited to participate, but has not confirmed whether it wishes to do so. The plant's proposed output is 40,000 metric tons a year.

Bahrain is the site of an earlier experiment in Gulf industrial co-operation. The Bahrain Aluminum Co., founded 10 years ago, is majority-owned by the Bahraini government. Other shareholders are the Saudi government and foreign and joint-venture private compa-

There are some purely private joint ventures as well, although they are more difficult to detect. Most joint private ventures recently have been in banking and finance. They tend to be concen-trated in Bahrain, which has offshore banking laws and a special status for investors setting up companies to trade outside the island. Among the new Gulf offshore banks are the Kuwait Asia Bank, founded in April by Kuwaiti and Bahraini investors. and the United Gulf Bank.

Analysis have welcomed the coordinate economic development projects because this indicates a greater willingness to sacrifice national objectives for a regional. and more rational, approach to modernization. There are still sufficient differ-

ences among the Gulf economies, however, to slow plans for greater economic integration between Gulf Cooperation Council memoping quite differently from the other five states. Bahrain has allowed itself to become a banking and insurance center by creating offshore laws, while no new foreign banks have been able to set up permanent offices in Kuwait or Saudi Arabia.

SAUDI ARABIA: Resources Lift It Into Key Role

The kingdom has acquired its international significance from its role as the world's biggest oil exporter, the provider of a major proportion of non-Communist countries energy. About 10 percent of the United States' needs are met by Saudi oil; many Western European countries are even more heavily dependent, while some developing states rely completely on Sau-

key strategic position. It lies across the air routes between Europe and the Far East, and dominates two great sea routes — the Red Sea and the Gulf — through which a majority of the West's oil flows.

leges, conferred on them by being the guardians of Mohammed's birthplace.

production is subject to government con-trol. Even this is heavily influenced by his-

tory. The former shareholders in newly

also a factor. By helping to keep crude-oil prices down, the kingdom's policy-makers appear to be trying to win deeper commitments from the West, particularly the

Saudi Arabia is a relatively new country, united by force in the first quarter of the 20th century. It was, until recently, very poor and dominated by tribalism. The growth of Arab nationalism and the failure to resolve the Palestinian issue did nothing to increase the Saudi royal family's sense of security. Despite its firm support of Palestinian rights, the rulers do not like radical nationalism and fear the infiltration of Communist ideas. The Iranian revolution, followed by the

occupation of the Grand Mosque in Mecca by a band of religious students and disaffected tribesmen from central Saudi Arabia, appeared to confirm the worst fears. The shock of the siege appears to have been a watershed in modern Saudi history, forcing the government to exam-ine the very basis of the development path it had traced out. The result was a reaffirmation of the policy of rapid modernization, but with a new program to ensure that the benefits of development are spread evenly among the Saudi people.

5-Year Plan

Record government spending is called for, but more is being devoted to education, health and other social services and human resource programs. Development is being decentralized, and the regions will benefit more from the infrastructural projects that have so far been concentrated in the three main centers of Jidda, Ri-

toward reducing its dependence on oil exports. Petrochemical complexes are to be built in two new industrial cities — Jubail on the Gulf and Yanbu on the Red Sea. They will be linked by new trans-peninsu-lar gas and oil pipelines, which will allow oil exports to avoid the possible hazards of the Gulf route.

Saudi Arabia is spending 28 percent of its 1981-82 budget on military projects -

the Iraqi border and a fourth to be built close to the oil fields.

ered, and the kingdom is in the market for a range of other advanced weapons sys-

European suppliers should get a bigger

unwilling to provide everything the kingdom wants without going through public and, to the Saudis, embarrassing examinations of the kingdom's strengths and weaknesses. The controversy in the United States about Saudi Arabia's request for Advanced Warning and Control Systems (AWACS) aircraft is the latest example of what some Saudis see as the United States' lack of a basic commitment to the

sure of how strongly the Saudi leadership feels about this issue.

DEVELOPMENT has taken being offered for work and educaif not all, of his people. Rapid Steps

place so quickly in the Gulf region that it is hard to remember that, less than a generation ago. the Arab Gulf states were out of touch with the advances of the modern world, and none more so than Oman.

The former ruler, Sultan Said bin Taimur (his son. Sultan Qaboos bin Said, seized power from him on July 23, 1970), had decided to keep his country insulated from modern influences, and this created discontent among the disparate population and provided the excuse for a Communist-inspired rebellion in the Dhofar province bordering Southern Yem-

A lack of leadership and political strife prevented the proper exploitation of oil reserves, and even agriculture in Oman — the most verdant zone in the Gulf - was in decline. Sultan Said was at loggerheads with Saudi Arabia because of border disputes, and Oman belonged to no international organ-

As if that legacy were not enough of a problem for the Sandhurst-trained Sultan Qaboos, who had been kept away from govern-ment affairs, Oman is also the strategic gateway to the wold's oil supplies, with vulnerable oil tankers passing through the Strait of Hor-

Different Approach

Faced with the task of dragging divided nation back into the world, Suitan Qaboos adopted a political approach that is quite different from others in the Gulf. Despite temporary setbacks, it has proved successful, as is shown by his presence at the Gulf summit conference as a full partner in the Gulf cooperation project.

Abandoning the practice of acting behind closed doors, Sultan Qaboos announced his intentions at home and abroad, made decinons and acted on them, and spoke out on vital issues, even when it did not please other Arab neads of state. On the domestic front, Oman's

priorities were necessarily different rom those of close neighbors. A clatively large and disaffected opulation coupled with a relativey small income meant concentrating on education and social develpment while boosting traditional industries to raise employment and ncome levels, before embarking in the grand projects familiar else-where in the Gulf.

The effects were dramatic. After military defeat of the rebel orces, popular support for oppo-ents of the regime dwindled as eople seized the opportunities

tion. In a short time, Sultan Qaboos won the support of most,

Within the region, rapid steps were taken to mediate the dispute with Saudi Arabia. Other disputes have taken longer, but recently Oman and the United Arab Emirates finally agreed to resolve their territorial claims. Even on the most difficult problem - relations with Southern Yemen - a changed attitude in Aden plus the mediation of representatives of the Gulf Cooperation Council augur well for an end to hostilities. Oman is now extremely acrive in

regional and Arab circles. A major source of political ten-sion arose between Oman and its Gulf neighbors over the Camp Da-vid accords between Egypt and Is-rael. Oman, lacking the financial resources of its neighbors, is not as well-placed to stand aloof from the West as other Gulf states have done. It initially supported the initiative, and Sultan Qaboos said openly what many others kept to themselves. While Oman adheres to its belief that any process toward peace in the Middle East is better than none, the recrimina-

tions between the Arab League states and Oman have ceased. Oman, like its Gulf neighbors, is an oil-exporting country, but it is in desperate need of other sources of income. Recent discoveries of oil fields in the southern province of Dhofar and near the Saudi border have dramatically increased Oman's estimated reserves, but it is nevertheless a smaller producer, with a target of only 350,000 barrels a day and a relatively large

population of about 800,000. Economie development has been hampered by two major problems. The first is the long war with Marxist guerrillas in Dhofar, which was a considerable drain on the economy, coupled with the constant need to increase defenses along the Strait of Hormuz. There was a slowdown in military spending in the late 1970s, but recent major additions to military strength have certainly forced up

the undisclosed military budget. The second obstacle has been the nature of Oman's terrain, which is largely mountainous with many areas of difficult access. Since Sultan Qaboos came to power, a lot of capital has been invested in opening the country with a network of roads and telecommunications facilities. New airports

and ports were also necessary. Work on facilities continues, especially for the new oil fields. But in the five-year plan that took efOn a larger scale, the mining of

profit from the concession awardthough it was the basic source of livelihood for the majority of the population. Since problems have been settled in Dhofar, which has local industry by helping to mod-emize the fishing fleet and provide cold storage facilities.

mineral resources is now becoming economically feasible. In ancient times. Oman was known as the "land of copper." A joint Saudi-Omani copper plant is under con-struction at Sohar, 200 kilometers from the capital, Muscat, and will

could be exported to other nations expected capacity of 20,000 metric

Another traditional activity, fishing, will also get an \$18-million boost from the five-year plan. While the state derives a healthy ed in 1976 to a Japanese consortium for the territorial waters between Masirah and Kuria Muria islands, it is eager to encourage the

The plant will cost \$150 million. of which \$100 million has been provided by the Saudi Develop-ment Fund. Kuwait is also involved in a project with the Oman Cement Co., and work will begin shortly on a 624,000-ton-a-year

Tourism can be expected to grow rapidly in the coming years as the Gulf opens up to cheaper flights from Europe and elsewhere.

However, as in many of the Gulf states, the real development of tourism will depend to a large exient on the relaxation of stringent immigration and visa controls which in turn depends on a greater government confidence in the sta-bility of the region.

cause northern Oman gets little rainfall. The plan is intended to troleum Transport Co., founded in Arab Consultant Engineering Co., 1973 to freight oil, gas and refined established in Abu Dbabi earlier create a surplus of food, which begin production in 1982 with an -KEN WHITTINGHAM

SAUDI ARABIA is the most important member of the Gulf Cooperation Council, and is likely to play a crucial role

in bow it develops.

With a population officially put at about 8 million, including up to 2 million expatriates, it has the human resources that the other five council members lack. It also has the world's largest proven oil reserves. It will take nearly half a century at present output levels to use the oil that is known to exist.

Additionally, Saudi Arabia occupies a

Political Role

The kingdom has also inherited a key political role because of the presence of Mecca and other Moslem holy places. More than I million Moslems from all over the world travel to the kingdom annually to participate in the hajj (pilgrimage). The Saudis are deeply conscious of the responsibilities, as well as the privinationalized Aramco — Exxon, Mobil, Socal and Texaco — kept Saudi oil pro-duction high and prices low. This led to the West's becoming heavily dependent on Saudi crude.

The Saudi government recognizes that one of the most certain effects of cutting production to suit the kingdom's domestic needs rather than market demand would be an intensification of the present slump

There are other reasons for the kingdom's high production policy. Most of its surpluses are invested in Western capital markets. Rapid inflation will erode the real value of its assets, which the kingdom plans to use when oil is exhausted. By keeping its crude price low and production at high levels, the kingdom is making a contribution to price stability in the

Other Sources

Fears that high prices will speed the development of alternative energy sources is another factor that has been recently cited by the Saudi oil minister, Sheikh Ahmed The kingdom's sense of insecurity is

United States, to regional security.

This insecurity has a number of causes.

The change in emphasis can be detected in the objectives of the \$233-billion fiveyear plan that started in May, yadh and the Dammam-Al Khubar-Dhahran industrial conurbation.

The kingdom will also take major steps

mostly on new military cities, such as at Tabuk in the northwest, Khamis Mushayt in the southwest. Hafr al-Batin close to

A growing proportion of the budget will be spent on hardware, however. Sixty-two McDonnell-Douglas F-15s are to be deliv-

share of Saudi weapons orders. Its biggest traditional supplier, the United States, is U.S. Congressional opposition to the

AWACS sale in itself might have been considered unimportant compared to 50 years of commercial and political links between the two countries. But it follows former President Jimmy Carter's veto just before the presidental elections of an F-15 accessories sale. Together, they continue to aggravate deep Saudi unhappiness about the progress of U.S.-sponsored talks between Egypt and Israel. Crown Prince Fahd's rhetorical call last summer for a jihad (holy war) against Israel was a mea-

-EDMUND O'SULLIVAN



THE UNITED ARAB EMIRATES

AN INTRODUCTION

eration of what used to be the barrels a day. At the same time, Trucial States, achieved independence at the end of 1971, have been inaugurated to collect coinciding with the completion of the associated gas from Abu British evacuation from the Arabi- Dhabi's and Dubai's ailfields, an Gulf. Comprising Abu Dhabi, which was previously wasted. Dubai, Sharjah, Fujairoh, Ajman With the last mojor scheme, for a wide range of facilities, includand Umm al Qaiwain at inde- Abu Dhabi's onshore fields, which

huge and expensive schemes

The United Arab Emirates, a fed-duced by around half a million ment of the country's women to play a greater rale in economic and social life. Within the constraints necessarily imposed by custom and culture, the women of the United Arab Emirates have been able to avail themselves of ing adult literacy programmes,

and handicraft and hygiene -courses, while the younger generation are now benefiting from the existence of compulsory education up to university level. The first few hundred home-grown ·female graduates have just completed their studies. Roughly half of the UAE's citizens ore women, and they are now coming slowly to play a more active part in commerce and government, yet without losing their traditional

customs and values.

For all the efforts that the government has expended in helping the people of the UAE to adjust the dramatic changes in their life-style, however, another factor underlies and underpins those efforts - the devoutly held faith of Islam. The religion of the people of the UAE since the latter years of the Prophet Mohammed, it retoins a vitality and strength that has given the people the confidence to tackle and cope with the changes around them. It remains an inspiration to the highest and the lowest in the land, permeating virtually every aspect of life, from the UAE's generous foreign aid policy to the prevision of social services and the harnessing of the country's potential for the benefit of future generations. It is, indeed, the cement that has enabled the still - young edifice of the United Arab Emirates to survive and grow stronger. In the future, it will play a similar role in cementing together the new edifice of the Gulf Co-Operation



Greenery in the desert -- one of Abu Dhabi's thriving parks

over the past decade.

The UAE is now best known internationally as a major oil - producer, with daily production running at obout 1.4 million barrels a day after a series of cutbacks culminating in one of 175,000 barrels per day after May's meeting of the Organisation of Petroleum Exporting Coutries. The wealth from oil has enabled the country to embork upon a dramatic development programme, that, during the past ten years, has seen it almost totally transformed. In common with many of its near neighbours in the Gulf, now jained with it in the Arab Gulf ration Council, the U.A.E. achieved its independence against a background of underdevelopment and poverty.

Schooling was limited, health services, porticularly in the remoter desert and mauntain regions virtually non-existent, internal communications lacking, and industry totally absent. Over the past ten years, however, the country has been able to shake off the heritage of poverty and neglect that had characterised the previous century and a half. With the availability of its petroleum revenues, the country has been able to construct an impressive range of social services, now crowned by its own University, graduating its first class this year, and modern hospitals with equipment that motches similar institutions in the developed and industrialised world. The country is now well supplied with ports, like those of Mino Zayed in Abu Dhabi and Mina Rashid and Mina Jebel Ali in Duboi, while communications with the rest of the world are guoranteed both by the UAE's four international airports, in Abu Dhobi, Dubai, Sharjah and Ras al Khaimah, and by a sophisticated telephone and telex system linked by three satellite graund stations to the rest of the globe. Internally, the road construction programme has meant that now even the remotest mountain settlement is within easy reach of modern facilities.

It has, however, been a feature of the Government, led since independence by President Sheikh Zayed bin Sulton al Nahyan and Vice President and Prime Minister Sheikh Rashid bin Said al Maktoum, that there is an underlying recognition that mere economic growth, however important, is country's progress and development. Another aspect has been the need to ensure that the counpreserved for the benefit of future generations. Such an attitude accounts for the policy of conservation that has been applied in agnition of the need to conserve areas. source for the future, the coun. Another aspect of government ment amongst the Members of the common programmes on malaria try's total autput has been re-policy has been its encourage. Council on the need to strengthen prevention and the prevention of

pendence, the federation was came into operation in June, the joined a couple of months later gas collection and liquefaction by the seventh Trucial State, Ras projects have added important al Khaimah, thus toking on the new sources of revenue, as well shape that has characterised it as utilising a previously wasted

The modern city of Dubai and its creek

Another part of government policy has been the determination to diversify the country's sources of income away from the oil and gas sector. Whereas ten years ago, there was virtually na industry of ony kind, the U.A.E. is now self-sufficient, with an exportable surplus, in cement, has a major aluminium plant in Dubai's industrial zone of Jebel Ali, exporting to the rest of the Gulf and the world, and a whole host of other industrial ventures, ranging from fertilisers to ship-yards, steel fab-ricators to fodder plants, and plastic pipe plants to affshore na contractors. At n time, there has been substantial development not only in social services and in industrial diversification, but also in the field of the protection and stimulation of the country's traditions, culture and heritage. The changes that have been brought by the economic boom of the past decade have, inevitably, altered the face of the country. The population has risen from less than two hundred thousand to just over one million at the time of the December 1980 census. The traditional occupations of fishing and simple agriculture now any occupy a significant section of the population in the remoter areas, since the mafor cities and towns provide emplayment of a vastly different kind. From almost self-sufficient desert communities, the inhabitants of the U.A.E. have been abliged to adapt to being part af a country that is intimately connected with the rest of the regional and international economy. Such changes have meant that the lifestyle of the people has been dramatically changed, and it has been a major concern of the Government to ensure that

the new economic arcumstances have not led to social dislocation. One method adopted has been the stemming of population drift to the towns by building new villages in the desert. Specially designed for the previously namadic population of the country, these villages have been built at the instructions of President Sheikh Zayed, in accordance with his belief that the benefits of modern civilisation should be taken to the nomadic, people, rather than towns to obtain them.

not enough to guarantee the The policy has meant not only that the traditional ways of life in the remote desert and mountain regions have been able to try's wealth is not wasted, but is change at a more easily obsorbable rate, but also that those who have moved to the towns have been oble to retoin a foothold, and a base, in the land from the oil sector - mainly in the which they sprang. A major proemirate of Abu Dhabi, which now gramme of developing small accounts for about seventy five farms, with government assistper cent of the country's daily ance, has aided this process, as autput. Over the past two or has the extension of educational three years, in response to a rec- and health facilities in the rural

After the Conference had closed, the President of the United Arab Emirates, and canference host, Sheikh Zayed Bin Sulton Al Nahyon, spoke to the foreign and local press, in a wide-ranging review of local and international issues, as well as an the outcome of Summit itself. The President, as reported by the Emirotes News Agency (W.A.M.),

spelt aut several key factors of the Summit meeting. First of all, however, he took the apportunity to stress that there were no basic differences in objectives between the six states comprising the Council. forcing them to come into the It is only natural that viewpoints should differ, Sheikh Zayed said. As long as the goal is the same. however, we feel that there is na harm in any differences in viewpoints between Council Mem-

States, the United Arab Emirates,

ment of the Arab Gulf Co-opera-

tion Council, (A.G.C.C.). The two-

day Conference, which attracted

considerable international atten-

tion, saw the leaders endorse the

proposal from their Foreign Minis-

ters relating to the Council's estab-

lishment and also elected the coun-

cil's first Secretory General, Abdul-

la Bishara of Kuwait.

What is true is that differences could be harmful if they stemmed pressed at the Summit stem fram

mbers of the Arab Gulf Co-operation Council at their founding meeting in Abu Dhabi in May our existing co-operation and links maritime pollution are but a few of leaders of the six Arab Gulf in the fields of security, economics and on other issues. We have also unanimously agreed that we all Kuwait, Saudi Arabia, Bahrain, would support any Member Coun-Qatar and Omon, met in Abu try that may face problems of any Dhabi ta agree an the establish-

> President Sheikh Zayed, in a reference to the Summit's Communique, which rejected the presence of foreign bases in the Gulf Region, stressed that this was something that had met with the agreement of all States.

The Gulf Supreme Council (the Six Leaders) has agreed that aur countries need no protection fram abroad. They can protect themselves...They are in no need of foreign protection.

The preservation of gulf security, the President stressed, was a matter that could be handled by solidarity amongst themselves (the six A.G.C.C. Members), and with help and solidarity from ather Arab countries, since we are all part of the some Arab Nation.

The Gulf Six have no enemy af whom they should be afroid, Sheikh Zayed added, and do not seek the enmity of any power or ony country, large or smoll. At the early stages of its establish-

ment, it is natural that the Member Countries of the Council will be abliged to study the actual mechanics of strengthening co-operobers. These are healthy, as long as thon between themselves. Some we aim at a sincere and real co- such co-operation already exists, at the level of Inter-Ministerial Committees, covering such portfolios as Information, Education, from viewpoints that were not Health, Yauth, Labour, Finance themselves in the service of (build- and Industry, and considerable ing) co-operation. Fortunately, achievements have already been however, all the viewpoints ex- made in translating the work of these committees into practical rean acceptance and understanding sults. The Gulf University, the Gulf of the common interests that link us News Agency, the Gulf Organisaoll. There was unonimous agreetian far Industrial Consultancy and

their restaration by brotherly and friendly means, he added. the already visible results.

The holding of the Summit, howev-Sheikh Zayed also commented er, and the formal establishment of the present Iraq - Iran war, now nearly nine months old. the A.G.C.C. has given a new impetus to the existing bodies, since here is now a formal endorsement and hurt because of this war, the from the Heads of State of the six countries for the development of camman policies, programmes and institutions across a broad range of subjects.

We (the member countries of the

Gulf Co-operation Cauncillare sad

nificance for us, because trag is a

This endarsement was spelt aut by Sheikh Zayed in his press confer-

Our co-operation is all - inclusive....It includes all aspects, economic and social, as well as military and security. He also dealt with the existence of border disputes between some of the Council's member countries, saving that these could now be easily

The Gulf countries have now entered a new phase of developing tion. What then is the value of a few kilometers here and a few kilometers there? We have reached agreement (at the Summit) on many important matters. Da you hanestly believe that we will not be oble to sort out this question? The President stressed, however, that there was no question of the United Arab Emirates abandoning its demand for the return of the three islands, Abu Musa ond Greater and Lesser Tumb, which were seized by the former Shah af Iran at the end of 1971.

The islands lie near the mouth of the Arobion Gulf, and were previausly part of the Emirates of Sharjoh and Ras Al Khaimah, bath members of the U.A.E.

These islands are ours, and our property, the President said. The property of the Arab Nation and of the United Arab Emirates. They belong to us, and we will never abandon them.

We will seek, however, to gain

dressing himself to this particular rather as a local component contributing to the overall objective of broader Arab unity. The Council, he said is a milestone,

a step aimed at providing support for the Arab Nation as a whole, . By establishing the Arab Gulf Cooperation Council, we are not in any way indicating an intention of ber - States of the Arab Gulfi Co. staying for away from any Arab operation Council do not see their country, or to sever our brotherly

Our intention is not to weaken the Arab League, but to strengthen it, and all af its constituent bodies. At the same time we call an aur brother Arab countries also to cooperate and to work dosely together, because we believe that this is the only way to restore our legitimate rights.

He went on to stress the concern of the Gulf countries with the situation in Lebanon and on occupied Arab land in Palestine.

We believe that what is happening in Lebanon and Palestine affects the whole of the Arab Nation, he said. Our fate is the same and our destiny is one. What has happened in these two countries, and what is now happening, affects us President said. It is of special sig- all. We will spare no efforts on our. part that may help to protect the brotherly Arab country, and Iron is Arab Nation as a whole, and any a fellow Muslim country. Both are individual Arab country.

also our neighbours. We will be He also colled on the United States glad when we can see these two. Government to put pressure on the countries once again close togeth- Israeli Government, to change its policies of aggression and expan-

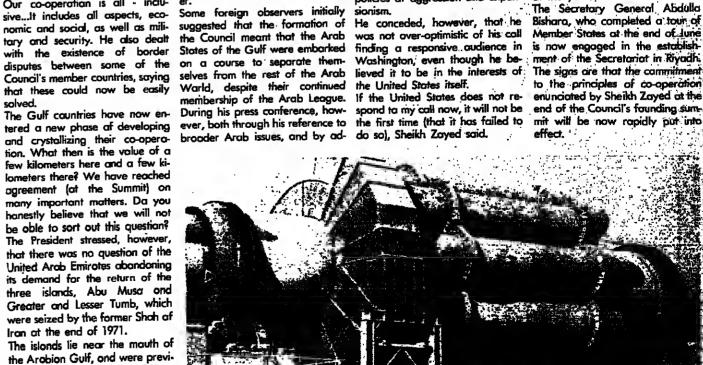
ARAB GULF CO-OPERATION COUNCIL (A.G.C.C.) subject, Sheikh Zayed stressed that the United States, as a matter of the Council should be seen not as principle, is not that she should a replacement for the Arab side with the Arabs Rather we League on a regional level, but want her to be even , handed, even if this even-handedness may on occasion hurt us a bit. Our objective is justice, which is in the interests of the world as a whole, and in the interests of the United States itself.

From Sheikh Zayed's comments, it is therefore evident that the Memnew Council as an institution relations with other Arab counthrough which they can turn their tries. Any other (Arab) countries, backs on regional or international which are in a position similar to, affairs. The situation is, in fact, to ourselves such as those of North the contrary. The Six States will Africo, should come together to henceforth be working towards on count the formulation of a common and single voice on issues such as Lebanan and Palestine, and on other Arab causes. With such a single voice, the Six can ensure that their opinions will carry an international weight that might not be accorded

to them on an individual basis. The key objective of the Council, however, as outlined by the President of the United Arab Emirates. is to move towards greater co-operation in all fields.

Already, in the month that has passed since the council was estabished formally, several steps have been token to get the process of expanding co-operation under way. The Finance Ministers of the Six met in Saudi Arabia daring the early part of June, to consider ways of harmonising economic development plans, and proposals induding the abolition of all toriff barriers are expected to be put before the meeting of the Council's Foreign Ministers in Bahrain in the autumn, and then to the next Heads of State meeting at the end. of the year.

The Secretary General Abdulla ment of the Secretariat in Riyadh. to the principles of co-operation enunciated by Sheikh Zayed at the



GULF STATES

BAHRAIN: A Services Center

By Ralph Izzard
THE FOUNDING of the Khalifa dynasty in Bahrain 200 years ago - the pres-

ent emri is the 10th in direct succession—brought peace and stability after a long period of anarchy when possession was disputed by Persia and Oman.

An island, protected by the British Navy ander treaties dating from 1820, Bahrain has grown quietly to maturity, aloof from the tribal wars that revered the Arch main. the tribal wars that ravaged the Arab main-

land until well into the present century.

Today, Bahrain's ambition is to be recognized as the "Switzerland of the Gulf," strictly neutral and on friendly terms with all neighbors. This policy was somewhat joited by the late shah of Iran, Mohammed Reta Pahlavi, who persisted in his claim of Iranian sovereignty until 1970, when a UN commission investigated and reported that Bahrain overwhelmingly wished to remain independent. The shah accepted the verdict.

In the circumstances, however, it was natural that Bahrain should seek friends among the Arab Gulf states, and Kuwait, Abu Dh bi and Saudi Arabia have all responded warmly. All have provided generous "soft" loans and direct grants and have taken sub-stantial stakes in Bahrain's budding indus-tries. Ties with Saudi Arabia are particularly close - the Khalifa ancestors originally came from the kingdom's Najd province.
For decades, the Saudis have provided by

pipeline four-tifths of the crude oil required by Bahrain's 250,000-barrel-a-day refinery. This has to be paid for, but the Saudis donate 50 percent of the income from the offshore field they work in the north of Bahrain to the Bahraini government.

Recent decades have seen considerable external and internal pressures. The rise of

Gamal Abdel Nasser in Egypt with his special brand of Arab nationalism supported by radio broadcasts, and the creation of a Cairo-based office for the Popular Front for the Liberation of Bahrain at first made considerable impact. Targets were the British presence, poor working conditions and too

little popular representation in the govern-

There was serious rioting in Bahrain in 1956 at the time of Suez and again in 1965, but by that time Nasser's image was fading and his influence was eliminated by his defeat in the Six Day War in 1967. In 1970, there were strikes and demonstrations against high prices, unemployment and poor

The storm was weathered by a government that was confident that time would not run out for its programs. With the departure of the British in 1971 and an abundant oil income starting in 1974, the two main causes of complaint were removed.

A big question now is whether in follow Kuwait's example and reconvene the national assembly, which was suspended in 1975. Political parties are banned in Bahrain. The government is reported as now being willing allow a spreading of responsibilities, but with controls to ensure that any future as-sembly should be primarily a consultative body rather than one that would exercise a popular rule.

Bahrain's ministers, who make up the most experienced team of economic planners in the Gulf states, pride themselves or their flexibility to meet any situation. Oil was discovered 50 years ago, and the fact that it was then in small quantity compelled careful consideration of spending.

Riches came only after the energy crisis of 1973 brought a fourfold increase in the price of oil. Budgets today are reckoned in hundreds of millions of dollars. In 1967, revenues from all sources, including oil, which has remained the backbone of the economy, totaled only \$27 million. Looking back, it is impressive to see what the planners did with available money. Free education and health services were introduced, electricity and controlled water supplies installed, and a modern township built to rehouse 35,000 lower-income people.

ment, the Bahrain Aluminium Co.'s smelter was started up in 1971. It is now producing 120,000 metric tons annually and is being

expanded.
With Bahrain's new wealth — although it is far less than that of its Arah neighbors planners in the late 1970s emphasized making the country the services center of the Gulf, and improving the quality of life. A road network was built, the airport modernized so that it is now probably the husiest and most efficient in the Middle East, and the port expanded to provide full container-handling facilities. The adjacent free-zone for offshore industries was extended.

Two important ventures did much to as-sure Bahrain's dominance of Gulf services. The Organization of Arab Petroleum Ex-porting Countries chose Bahrain as the site for its second downstream venture, the Arab Shiphuilding and Repair Yard, centered around a dock to carry superiankers. And the Bahrain monetary agency created a successful offshore banking center. At the end of 1980, the 58 offshore banks then operating reported assets of \$37.5 billion with profits of \$191 million, and local expendi-

Inflation

Planners are now faced with the likelihood of inflation and an overheated economy, because nearly \$3 hillion worth of projects are planned, many in be launched this

They include the 25-kilometer causeway to Saudi Arabia, for which the Saudis are paying the entire cost of \$750 million but which will bring important spin-off construction work to Bahrain; the Gulf Petrochemical Co.'s \$400-million plant for the production of ammonia and methanol, in which Saudi Arabia and Kuwait are partners with Bahrain; the Arab Iron and Steel Co.'s \$300-million plant to make iron pellets, in which the Bahrain government is a ower-income people.

In an ambitious scheme to create employ
Iraq and Jordan; and the \$100-million Gulf

Aluminum Rolling Mill, supported by Bahrain, Saudi Arabia, Kuwait, Iraq, Qatar and Oman.

To these projects must be added a new 400-kilowatt power station, a new govern-ment built town for 74,000 on the west coast and a new Gulf university that will require accommodations for 14,000 people.

The projects will undoubtedly bring relief for Bahrain's half-filled hotels and comfort to two major botels, the Diplomat and the eraton, which have yet to open, for they will meet the sbort-term requirements of contractors and consultants. But there will certainly be tremendous demand for office space and residential accommodations, and there are signs that such properties are being withdrawn from the market in the expectation of higher rents.

Foreign Labor

The major problem, however, is the labor force. Efforts have been made in recent years to encourage the employment of Bahrainis. Bahrainis now make up \$5 per cent of cable and wireless employees, and Gull Air has 52 percent Arab employees. Bahrainis form 55 percent of the 1,428 em-ployed by the offshore banking units. In industry, the Bahrain National Oil Co., because of its long history, employs more than 50 percent Bahrainis. But many of the 2,500 icen-agers who finish school each year eschew manual labor and head for business and commerce. If the ambitious projects are in be completed, the only solution is to admit more foreign workers.

Just-published census figures show that foreign workers already number 116,261, or about one-third of the population of 358,857. Only last year, semi-official esti-mates had put the number of foreigners at about 70,000. Another large influx, apart from its impact on social patterns, will further strain public services and utilities and further congest the poorer quarters of the

U.A.E.: Growth via Federation

THE UNITED ARAB Emirates was formed in December, 1971, when Britain withdrew. It was initially composed of six of the former Trucial States, Abu Dhabi, Dubai, Sharja, Fujaira, Ajman and Umm al Qaiwan; the seventh, Ras al Khaima, joined a few months

There were significant differences among the emirates in area, wealth, population and resources, as well as in political and social de-

Abu Dhabi was already a major oil producer, with exports of more than I million barrels a day, while Dubai had discovered its offshore Fateb field in 1969. None of the other emirates had discovered oil in commercial quantities. Nearly a decade later, only Sharja has joined Abu Dhabi and Dubai as an oil producer. At least threequarters of the population is in Abu Dhabi and Dubai, with the latter's position enhanced by its tradition as a commercial center for the lower Gulf.

Visible Differences

The differences in the nature of the emirates were plainly visible. It was no surprise, therefore, that when the federation's provisional constitution was unveiled it gave few powers other than foreign affairs and education in the center. It was so loose as to be more confederal than federal.

The last few years have shown, however, that the rulers of the emirates have been willing, in differing extents, in yield far more of their powers to the federal government than they were forced to do under the constitution. These include health, police, justice, information, immigration, public works including water and electricity, housing and agriculture. Within the last year, a central bank bas gun work, and Abu Dhabi and Dubai have placed half of their oil revenues at the disposal of the federation. The United Arab Emirates has thus truly become a federation.

The process of strengthening the central government has not been without incident. There bave been problems over the integration of the armed forces. The formation of the present Cabinet, beaded by Vice President Sheikh Rashid bin Said al-Maktoum, the Dubai ruler, took three months in 1979, while agreement on the establishment of the central bank took three years. There is still disagreement on the extent to which economic planning should be federal.

The economy remains, of course, dominated by oil revenues. Abu Dhabi, after substandal cutbacks since 1978, is producing tinue to threaten the region.

about 1.3 million barrels a day, with Dubai adding 350,000. In Sharja, production from the offsbore Mubarak field is down to about 10,000 barrels a day but an important new onshore field sbould raise production to around 80,000 barrels a day by the end of 1983. At the same time the years since independence have seen the creation of the country's infrastructure, even in the poorer emirates, and a diversification of

the economy.

One area of development has been in fields associated with petroleum. The country's first smallscale oil refinery at Umm an Nar. near Abu Dhabi, has been on stream for five years, and is in be expanded to a capacity of 80,000 barrels a day by 1983. A 120,000-barrels-a-day refinery, at Abu Dhabi's industrial city of Ruwais, comes on stream later this year.

Natural gas from Dubai's offshore fields is now harnessed through the DUGAS liquefaction plant, while the bulk of the output from Abu Dhabi's offshore fields is liquefied at a plant on Das Island. Japan imports most of the production. Other downstream plants yet to be built include a fer tilizer factory and petrochemical plants.

There has also been a buildup of industry outside the oil economy. which is seen as preparation for the day, at least 50 years bence, when the oil runs out. In Dubai, the Jehel Ali industrial zone inhut also an aluminum smelter. DUBAL, which should reach peak production of 135,000 metric tons a year by the end of 1981. The construction boom, most visible in Abu Dhabi, Dubai and Sharja, has spawned six cement plants, which will within the next year provide an export surplus of more than 1 million tons a year, most destined for Kuwait and Saudi Arabia.

Oil revenues, the increase in the U.A.E.'s sbare in regional trade, and internal development in indusinfrastructure, construction and other fields have led to a sub-stantial rise in gross national prod-uct. The latest World Bank figures place the country just behind Qatar and Kuwait in terms of per capita income, with a intal of more than \$15,000, while the oil price increases of 1979 and 1980 have further raised that figure.

The growth of the last decade which has more than matched a population increase from about 180,000 to slightly more than 1 million at the end of 1980 caused a liquidity crisis between 1977 and 1979, due in part to the lack of proper financial management by some of the smaller

At the same time, there has been a lack of economic planning on a national scale. There are now signs, however, that the strengthening of political unity is being reflected in the economic sphere.

Logical Path of Unity

(Continued from Page 7S)

witnessed an economic miracle. States that had no control over their oil and had only primitive local industries such as fishing and pearl diving are now sophisticated centers of financial, commercial and industrial operations, increasingly controlled by highly educated nationals.

These achievements are more important to the people of the region, in that they represent a future long after the oil wells run dry, than supplying the world oil markets. After all, they say, there is not much threat to the oil fields. The world needs oil, so who is going to risk destroying the wells?

The Gulf states continue to supply oil to their customers on a commercial basis backed by mutual interests, not because of moral obligations or friendship. Friendship, they contend, can exist only when the West shows more concero with the problems that con-

As the Gulf states industrialize, they are concerned with the creation of new markets and new forms of cooperation on a global scale. The Gulf states are a part of the Arab world and they feel a commitment to resolving the Palestinian problem. This political commitment has an economic edge: The Gulf states are spending vast sums for the defense of the spent on making the Middle East self-sufficient in food. This is the aim of the recently created special fund for an Arab decade of development sponsored by the Arab eague and financed by the oilproducing states.

In return for moderation in oil prices — despite a glut in world markets, Saudi Arabia could create a shortfall by cutting production without affecting its domesoc fi-nancial plans — the Gulf states are looking to the Western world for a change in attitude, both on the Palestinian question and on creating a new economic order.

QATAR: A Cautious Approach Is Paying Dividends

THE PEOPLE of Qatar are con- work force to control industry and servative in their thinking and administration. way of life, and this has been reflected in the policy followed by the ruler, Sheikh Khalifa bin Hamad al-Thani, in promoting his country's development.

Qatar is a desert peninsula of 4,000 square miles, including a number of islands such as Halul, the storage and export terminal for Qatar's offshore oil industry. The population of about 250,000 is gathered mostly in the capital,

the Arthur

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Although Qatar declared independence only in September, 1971, a long-term plan for development had been devised by the present ruler when he was crown prince in the 1960s. From the beginning it was decided that future prosperity depended on two factors: the exploitation of economic resources, that is, oil, and the development of buman resources through education.

35,000 Pupils

In 1956, the first state school was opened with 100 boys. Now there are more than 120 schools providing education for more than 35,000 pupils, more than half of them girls. Teacher training, vocastate works to develop its own ing development plans.

All of Qatar's development plans have been subjected to longterm planning and detailed research, to eliminate potentially dis-astrous mistakes. The ruler of Qatar bas followed a blueprint of development allowing for modificadons but not for major devin-

Oatar was the first state to renegotiate its oil concessions to reduce the control of the major oil companies, and was also in the forefront of the struggle for the nationalization of oil resources. It was also the first state of the Arab Gulf to pin its economic hopes on heavy industry. A major step in this took place in February, when Sheikh Khalifa inaugurated the Gulf's first natural gas liquefaction and petrochemicals complex at Umm Said, south of Doha.

The planning that has gone into social and economic development also applies at the political level. While decision-making rests largely in the hands of the ruler, he has a declared policy of preparing the ground for a shift of power. Younger men are being brought into government as undersecretartional training and university edu-cation are also available as the leading roles in shaping and enact-

 $K^{\rm EN}$ WHITTINGHAM is a British journalist who has long specialized in the Middle East as a writer and an editor. Mr. Whittingham is a former deputy editor of Arab Month magazine, and a former news editor of the Gulf Times in Quar. He continues to contribute as a free-lancer to numerous publications on Middle East affairs.

His university studies focused on the Middle East, and he is fluent in Arabic - he has translated five Egyptian plays as well as official Arab documents.

EDMUND O'SULLIVAN AND SHAKIB OTAQUI, specialists in Gulf affairs, are on the staff of the Middle East Economic

RALPH IZZARD is a journalist based in Bahrain.

Within three months of assummodel of the Shura, that embraced lies. As Qatar is largely a tribal society, this is, in effect, a means of democratic representation until education bas had its full effect.

When the Advisory Council was established, its role was little more than to comment, on behalf of the people, on new legislacion, but each year its powers have been expanded. It has become a watchdog organization able to question ministers and even to initiate legislation. There are plans for the council to become a freely elected body, rather than an appointed one, but as with all things in Qatar, the right moment will be carefully cho-

Foreign Relations

The step-by-step approach has also served Qatar well in its for-eign relations. The summit meeting in Abu Dbabi to confirm Gulf cooperation was a success for Qatar's ruler, who has been a prime mover of the initiative.

In bilateral relations, Qatar has ies and directors of departments, been careful to link economic assistance with political friendship. Thus most of Qatar's major industrial projects are carried out in partnership with foreign national companies. In the petrochemical venture, for example, the policy in-volves Qatar's investing capital in the industry in France while acquiring expertise and technology.

At present rates of oil produc-tion, 500,000 barrels a day, Qatar's reserves will last about 30 years. The natural gas associated with oil, once bnroed off, now provides raw materials and energy for industry. And Qatar's North West Dome non-associated gas field is estimated by foreign experts to be one of the largest in the world. At a re-cent energy symposium in Doha, U.S. experts predicted that the state could derive income from gas for 500 years.

velop the gas field, although coning power in 1972. Sheikh Khalifa sultations are proceeding. Tenders had appointed an Advisory Council, based on the traditional Arabic gas plant are likely to go out in gas plant are likely to go out in September, but Qatar General Perepresentatives of the leading fami-troleum Corp., the holding company for all oil- and gas-related in-dustries, is prepared to wait for the right terms.

Qatar is now a producer of iron and steel, chemical and organic fertilizers, cement and petrochemicals, as well as being reasonably well-supplied with electricity and desalinated water for industrial and domestic use. Now there are plans for borizontal expansion through light manufacturing projects to be capitalized not by the state alone but by private en-The government has provided

considerable incentives for wouldbe industrialists. The returns on such investments, government ex-perts say, are potentially higher than those from trade, and local production can reduce imports and thus fight inflation.

Through the Doha-based Gulf Organization for Industrial Consultation, feasibility studies are being prepared on a number of projects, with the aim of ensuring that there is a Gulf-wide market for products rather than a duplicaboring states. It is expected that by the end of the year there could be 40 projects, with a maximum capital of about \$62,500 each, operating in the country, according to the Chamber of Commerce.

Local Manpower

The new industries can use local manpower trained at the Regional Vocational Training Center, also based in Qatar, which provides courses in manufacturing skills up to the standards of the internationally recognized City and Guilds Certificates. The government wants the small industries to use local manpower rather than to import workers.

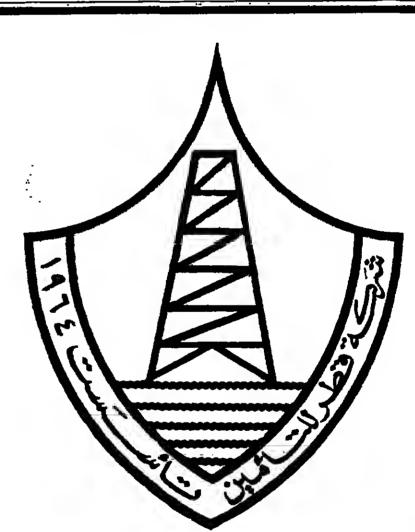
There is also an intensive effort tate could derive income from gas or 500 years.

No steps have been taken to deNo steps have been taken to derequires abundant water and ferti-

lizers, and the availability of associated gas will be valuable. Qatar has experimental farms covering about 3,000 hectares that help fill much of the national demand for vegetables.

A new plan for using treated sewage for irrigation envisages almost doubling Qatar's farmland by the turn of the century. The land to be reclaimed in five phases beginning in 1983 will be used for staples such as wheat, barley and sorghum, and for sheep raising. A government Department of Water Resources and Agricultural Research bas been created to take over work formerly carried out by the UN Food and Agriculture Organization.

- KEN WHITTINGHAM



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KUWAIT: A More Active Foreign Policy

By Shakib Oraqui

A FTER 20 years of trying to keep a low profile and enjoy its oil wealth in private, Kuwaii has emerged as a leading force in the Gulf and the larger Arab

world.
The \$2-billion loan Kuwait granted to Iraq in April is the latest manifestation of the activist foreign policy that it has begun in Knwait has been a leading spirit behind the recently formed Gulf Cooperation Council. It has also backed the expansion of the coun-cil — which is seen as an alternative to the U.S. proposal for a Rapid Deployment Force — to cover political and military coop-

Knwait has been the most critical among the Gulf states of U.S. policy in the region. It has de-plored the Reagan administration's emphasis on the Soviet threat to the area, which it has de-scribed as remote. Like most Arab states, Kuwait sees the Arab-Israeli dispute as a much more serious

Russia Assailed On the other hand, Kuwait has

joined other Islamic countries in condemning the Soviet interven-tion in Afghanistan, although it has been more willing than its neighbors to maintain an even-handed relationship with the su-perpowers. It is the only Gulf state to have diplomatic relations with the Soviet Union, and it has a variety of Soviet surface-to-air mis-

In fact, the Gulf war has led to

navel equipment. Knwait is eclectic in its choice of suppliers: It operates U.S. and French aircraft, British tanks, and U.S. and Soviet missiles. It recently ordered a number of fest-attack craft for the page ber of fast-attack craft for the navy from West Germany.

The Iranian-Iraqi war may, in fact, end a long-standing threat to Knwait's security: the claim by Iraq over much of Kuwait's territory. Negotiacons are under way, and Iraq is likely to abandon its claims in exchange for Kuwaio support. Apart from the interest-free \$2-billion Ioan, this has largely come about through the opening of ports to Iraqi cargo.

Kuwait's press, which is sensitive to government policy, has re-cently taken a much more pro-lraqi line in covering the war, reverting to reporting Iraqi claims of successes virtually without ques-tion, as it did at the outbreak. The more even-handed coverage adopted after Iran's air raids on Abdali on the Kuwaiti-Iraqi border has been abandoned.

Kuwait's increasing self-confidence is particularly exemplified in its willingness to incur Saudi Arabia's displeasure on a number of issues. It has, for example, become a leading hard-liner in the Organi-zation of Petroleum Exporting Countries, attempting - without much success - in preserve high

an increase in Kuwait's military oil prices at a time of glut. It rebudget, which reached \$1 billion in the current fiscal year. The government recently approved the spending of an additional \$1.8 billion in the next seven years for aircraft, Arabia's attempt to force prices and described and the maximum of the production of the next seven years for aircraft, and described and anti-aircraft weapons, tanks and down by maintaining high produc-

Saudi Arabia may have even more serious misgivings about the revival of parliamentary life in Kuwait — the only Gulf state with an elected parhament. The emir, Sheikh Jaber al-Ahmad al-Sabah, announced elections in August last year, fulfilling the promise made by his predecessor when he dis-solved the National Assembly four years earlier. Gerrymandering ensured the election, in February, of a compliant parliament, less likely to suffer from the bickering and factionalism that led to the disso-lution in 1976.

Conservative tribal leaders were the clear winners, with about half the 50 seats. All five radical candidates were defeated. The government was no doubt relieved that the representation of the Shiite minority was reduced, although it must have been concerned by the election of about five Moslem fundamentalists.

Decrees Approved

The assembly has so far approved, with minor amendment, the mass of legislation passed by decree in the last four years. In particular, it approved — in a se-cret session — the loan to Iraq without any evident opposition. Some members have proposed greater accountability for the management of Kuwait's foreign ex-

change reserves, although this is unlikely to disturb the government greatly. More worrysome is the revival of rhetorical excesses during a debate on a strike by oil workers in late April. The workers were foreigners

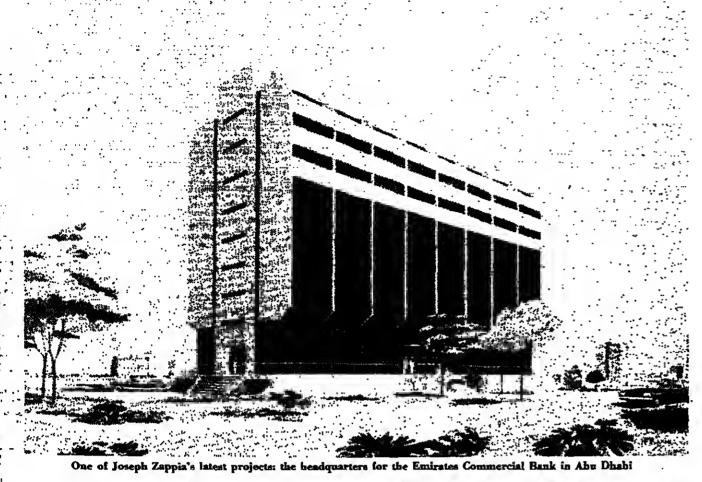
drawn by the country's oil boom. Kuwait's small population cannot provide enough labor for its ambitious development program, and is in any case unwilling to do the heavy manual work. The result has been an influx of expatriates, mostly Arab but also from the Indian subcontinent and Southeast Asia. This has reduced the proportion of Kuwaiti citizens in the population from 55 percent in 1957 to 41.5 percent of the 1.4 million counted in the 1980 census. The undoubted presence of thousands of illegal immigrants who were not counted makes the problem even more serious.

immigrants could become a source of domestic insecurity as they increasingly resent being ex-cluded from the prosperity they helped to create. Foreigners may not own property or buy shares on the stock market, and are not eligible for the government housing to which every Kuwaiti is entitled. Naturalization is severely restricted, so that even a stay extending to decades rarely gives permanent security to the foreigner.

While Kuwait remains apprehensive about an unstable Iran and an Iraq with uncertain long-term intentions, the growing com-munity of indispensable foreign workers is probably its most imme-

JOSEPH ZAPPIA CREATIVE BUILDER

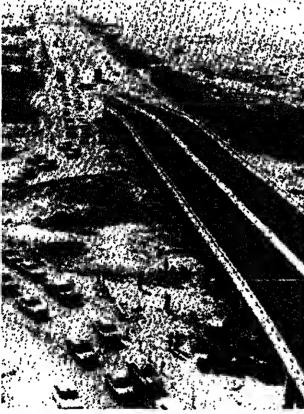
By Laila Zoubeir



ADVERTISEMENT

In the years immediately following the four-fald ail price increase in 1973-74, few areas in the world saw construction and development on such a scale or at such a pace as the countries of the Arabian peninsula. With a massive increase in their available financial resources, and aften still at that time lacking much af the basic infrastructure af modern states, the states of the Gulf embarked on a major programme of growth. Amangst them was the United Arab Emirates.

The country was still then relatively new. Led by President Sheikh Zayed Bin Sultan Al Nohyon, Ruler of Abu Dhobi, and Vice President Sheikh Rashid Bin Said Al Maktaum, Ruler of Dubai, it was independent anly since 1971, when the British, who had exerted a semi-colonial farm of control far the previous century and a half withdrew fram the region. To foce the future, Abu Dhabi and Dubai, together with the ather



five former 'Trucial States', Sharjah, Ras Al Khaimah, Ajman, Fujairah and Umm Al Qaiwain, had jained together in a federation, but by 1973, they still lacked most of the attributes of a modern state. With the heritage of calanial neglect to avercame, there was suddenly the financial resources available to tackle

By about 1977, hawever, the pace of growth had become almost too rapid to digest. Inflation, occarding to afficial figures, had risen to over thirty per cent, and the Government was obliged to move to bring its over-heated economy under control. One immediate casualty was the construction sector, where the pace of building had autstripped even the mast aptimistic projections of demond. Many bonks hod become heavily aver-committed in lending ta speculative building ventures, and it was, indeed, the collapse of ane bank, and the temporary closing of another, that led to the Government's decision to act.

The picture was particularly bad in the Emirate of Shorjoh, where oil production, and revenue, had foiled to keep pace with initial expectations. The result was a serious slump in the construction sector. Literally dozens of small contracting companies went aut of business, often leaving buildings incomplete. The larger and more soundly based companies were forced to resort ta desperate price cutting measures, after tendering for projects at cast ar below cost, just

ta keep a toehald in the market. The situation became fiercely, even destructively competitive. It was a particularly inapprapriate time for any newcomer to seek ta break into the market.

One foreign company had the visian, the caurage and the determination to choose this precise mament to seek to enter the U.A.E. market for the first time, the Montreal, Canada based Zappia

Headed by Quebecer Joseph Zappia, son af on Italian immigrant, the Group was o relatively overage builder and developer in Canada until about five years aga, when it sprong into national and international prominence as the builder of the village far the Montreal Olympic Games. The 95 Millian Dollar Praject, campleted in a desperate roce against the clock, won for Zappio international occlaim.

The Group first ventured into Sharjah in 1977, winning its first controct for the construction of 7 Overpass Highway Bridges to smooth out bottlenecks in the town's congested traffic flow. This olso has been campleted in a record time - 28 days for the first bridge and 4 months far the other 6 bridges. This unusual performance has introduced Mr. Zappia into o vital construction area.

Since then it has successfully wan, maintained ond expanded its taehold in the U.A.E. market. Over half a Billian UAE Dirhams (135 Millian U.S. Dallars) warth of work has been campleted, ar is in the design or construction stages. In the Emirate of Abu Dhobi, base of the Graup's major company in the region, Zappia Middle East Construction Ltd., three major contracts have been wan from the General Headquarters of the U.A.E.'s Armed Forces. Wark is also under way an two buildings, one the prestigious headquorters for the locally-based Emirates Cammercial Bank, and an a major computerised stares complex for the Abu Dhabi Municipality.The company has signed a major controct for a Water Distribution Network of 400 kilometers for the inland Oasis of Al Ain, Also, they are constructing the prestigiaus building of the Chamber of Commerce on the Carniche Corner of the airport road.

In five years the Zappia Group has established a Middle Eastern presence that covers the U.A.E., Saudi Arabia and the Libyan Jamahiriya and hos over three thousand emplayees in the area and about 45 million Dirhams of equipment. Senior Group Officials confidently expect further major contracts to be annaunced, both within the United Arab Emirotes and autside within the near future.

The key to the Graup's pragress seems to be the charismatic personality of its President and Chief Executive Officer, Joseph Zappio. Educated at Loyala and McGill University prior to taking over control of the company established by his father, Zappia is unusual amangst major figures in Canadian and internatianal construction in that he fallowed up his degree, in Engineering, with a second Arts Degree in Philosophy, Literature and Music. A trained tenar, he still retains a deep and obiding interest in Music and the

The breadth of his interests led him to venture into the field of politics in Canada, where he was far a while a leading contender for leadership of the Progressive Conservative Porty. The eventual winner of the cantest, Joe Clark, went on to become Prime Minister in the next election.

Following the successful campletian of the Montreal Olympic Village, hawever, a pawerful and united compaign by elements both within the Canadian Federal Government and within the machinery of his own party escolated to a level where Zappia decided to withdraw grocefully from the political fray. He comments ruefully that the in-fighting of construction companies campeting for cantrocts is but a child's game campared to the battles of politicions.

Zappia has been oble, however, to maintain the

respect both of the Conadion Gavernment and that of his hame province, Quebec, and although his Group is now expanding fast overseas, especially in the Middle East, it continues to be active at home.

Construction on the scale on which Zappia operotes involves a breadth of vision that covers not merely the technical ospects of construction, but also o real appreciation of the world around him, its social and economic pressures, and the demands and objectives af urban dwellers.

"In most of the projects in which he has been involved, there has been something more than maney", claims ane of his closest associates in Abu Dhobi. "Look at the Montreal Olympic Village - it was mare thon just a fine hausing complex. Because of the purpose for which it was initially built, it involved Canada's prestige in the world. The condaminiums in Conada display an appreciation of the need to madel a new urban environment in which the need for a social canscience as well as more concrete foctors are token into account. Even the Sharjah flyavers - which was a design, fabrication and erection jab - have contributed to a significant improvement in the quality of life

One top Canadian Banker ance described Joseph Zappia as "perhaps ane of the last great individual builders". In an age of corporate facelessness, and af stiff management formalism and bureaucracy, it is not surprising, therefore, that Zappia stands aut.

His own technical training has given him the ability ta understand the smallest details of engineering and construction, an obility that his employees, from project manager to the humblest brick-layer, have come to respect, and occasionally, to fear. Describing his own business philosophy as "a cammitment to excellence, coupled with a belief in undivided candaur", Zappia has managed to mativate his own warkforce with the some spirit, while the merciless energy that permits him to work a steady fourteen to sixteen haurs o day has helped him to keep that warkforce perpetually an their toes, never sure when he will came walking into the design office ar driving

One feature of the Group that Zappia leads is its flexible organizational structure. It follows a basicolly conventional hierorchical system, but is designed ta be flexible enaugh for special teams to be created for each project, encouraging involvement by top level monagement olongside lower level monagement ond the 'in-house' technical staff in the execution of projects. One result of the system has been to permit an attention to detail by top monagement, including Zoppio himself, that has kept them in tauch with the day to day problems of project execution and mon-

Caupled with the wide ronge of expertise availoble within the Group, which has clase links in Conada, the United States, U.K., Italy and the Middle East, this has meant that it has been possible to maintain tight cantrol aver all stages of project implementatian, with a consequent ability to resolve prablems rapidly and to minimise financial wastage. One result has been that the Zappio Group has been able to beat larger and more unwieldy corporations as well as small builders in tendering. Many of the mare successful jabs sa far campleted by the Graup have included tight delivery schedules and cost restrictions that other campanies have, quite simply, felt unable ta accept. The activity of the Group in the field of property development has helped as well, since it means that it understands not only the technical problems related to construction, but also the particular requirements of end-users.

Like any successful entrepreneur, Joseph Zappia

is not afroid to take risks. The Montreal Olympic Village and his condominiums in Canada were built with the Group octing as awner-builder, and there have been other speculative ventures in the United States, all of which have proved to be financially successful. Recently he received the rare accalade of being one of the few foreigners permitted to embark an such a speculative venture in Abu Dhobi, while his hardearned reputation locally has led him to being approached within the past few months by one of the leading figures in Abu Dhabi for advice on a major construction-related project. More detoils are pramised within the next few manths.

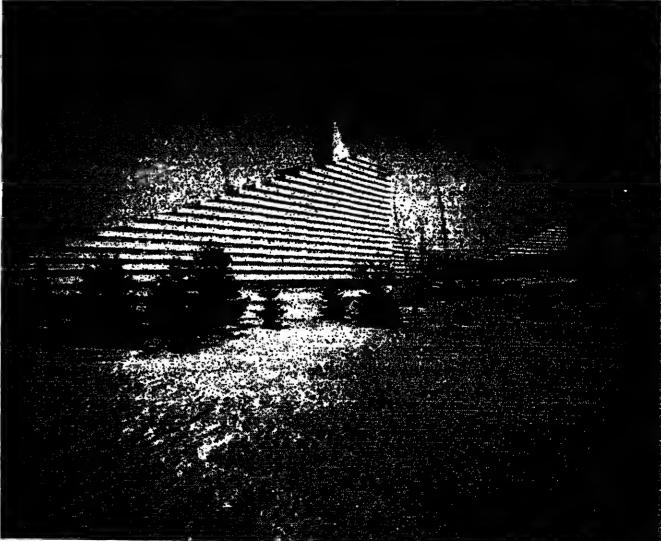
The energy that has permitted Joseph Zoppio to build and control his expanding construction and develapment Group has, of course, not helped in the establishment of a canventional way of life. With campanies in North America, Europe and Middle East, he has for years been a peripatetic traveller. His French Canadian wife, Française, has given up the hope of being able to persuade him to live atherwise, and has, instead, became one of his closest advisers. "With the hectic life he leads, I have come to persevere with him, and to ally myself with him in the achievement of his goals".



On the job: another project takes shape, this one in Saudi

Asked to describe himself recently in one and in two words, Joseph Zappio paused a moment for reflection. Builder, he said And in two words? And ossociate interjects Builder, Builder Zappia, however, has another onswer, 'Creative Builder'

One of his latest projects, the headquorters for the Emirates Commercial Bank in Abu Dhabi, mokes the point. If will be the first building in the U.A.E.'s copital to have underground parking, two floors deep. In most cities, and certainly in most of those in which Zappia is accustamed to operating, that would pose no special problems. Abu Dhabi, however, is o small sandy island, only a few feet nowe sealeyel. Two metres below ground level, a hole fills rapidly with sea water, and, in consequence, before wark an the car park can begin, a huge hole must be dug, and lined with special salt-resistant steel and concrete. Yet the city, rapidly growing, is desperately short of carparking space. Underground car parking in Abu Dhabi - that is real creative building, and Zappio is already engaged in designs for a second building that will also provide such space. In a country where many architects and builders have chosen to construct simple skyscraper boxes with little imagination, the Emirates Commercial Bank Building and its car-park is an example of the style and the flair that have made Jaseph Zappia, in five short years, a growing force in Middle East and international construction. · 10、10年至2月1日 李月/韓元日、第



The Montreal Olympic village, a 95 million Dollar project which was completed in a race as

Page 11 Wednesday, July 22, 1981 **

BUSINESS NEWS BRIEFS

Mobil Reports Oil Find Off Newfoundland

United Press International

NEW YORK — Mobil Oil Canada said Tuesday the initial test of its Hebron I-13 wildcat well in the ocean off Newfoundland yielded oil at the daily rate of 3,725 barrels a day and gas at a rate of 3.95 million

The Hebron well is located 23 miles southeast of Hibernia, an old field that analysts estimate contains 1.5 billion barrels of recoverable oil reserves. Mobil said the Hebron structure is "geographically separate"

Estel, Salzgitter Win Soviet Pipe Order

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BONN - A joint sales operation run by steelmakers Salzgitter of West Germany and Estel Hoesch Werke, a West German unit of the Dutch-German Estel Hoesch-Hoogovens steel group, has won a Soviet order for 100,000 metric tons of steel pipe. Salzgitter said Tuesday.

It said the high pressure pipe is the type used in the Soviet natural gas lines, but is not intended for the Soviet-European gas pipeline that has been criticized by the United States. No price was given for the contract. Delivery will begin at the end of August with completion of the order scheduled by early 1982. A Salzgitter spokesman added that the order is connected with the 550,000-ton Soviet pipeline order awarded earlier this year to West Germany's Mannesmann Handel, n subsidiary of the Man-

W. German Auto Output Off 8% in First Half

FRANKFURT - West German auto production in first half 1981 fell 8 percent to 1.99 million vehicles from 2.15 million a year ago, the industry association, VDA, said Tuesday.

Car output in June was 298,000, down 5.2 percent on the year ago month but little changed from 296,840 in May. Commercial vehicle production in June was 24,800, down 14 percent on June 1980 and 7 percent

Car exports in the first six months of 1981 fell-9 percent over the yearago period to 1.04 million, but foreign orders are now following an upward trend, VDA said.

Airbus Agrees to Suspend Japanese Purchase

TOKYO - Airbus Industrie has agreed with Toa Domestic Airlines of Japan to postpone purchase of two Airbuses and to open negotiations on of the committee, made the request the possible cancellation of three other planes ordered, TDA said Tuesday. A TDA spokesman said the agreement came following negotiations im Tokyo last week.

TDA had ordered nine Airbuses in 1979, but asked for a delay of off until the committee completes delivery and a reduction in the number of A-300 wide-bodied planes a study of the implication for U.S. because of stagnam business and mounting deficits.

The spokesman said Airbus and TDA also have agreed to open negotiations in September on the cancellation of three other planes originally scheduled to be delivered by 1983. TDA wants to cancel the purchase agreement for the last three planes. Airbus had been unwilling to agree to any postponement unless TDA agrees to purchase all of the nine

Alcan Says 2d Half Outlook Is Dim

MONTREAL — Alcan Aluminium said Tuesday the outlook for results in the second half of 1981 "does not appear encouraging."

It reported per share earnings for the second quarter declined to 1.09 Canadian dollars from \$1.70 last year, while first half net fell to \$2.10

Alcan said gross profit margins continued to decline in the first half in the face of rising costs and inability to offset these costs through price increases, especially in Europe.

Cost of Japan's Support Of Yen Put at \$1 Billion

By Jonathan Thatcher

planes ordered in 1979, TDA said.

TOKYO - The Bank of Japan has sold around \$1 billion this month to support the yea, banking Sources said Tuesday.

They added that under its cur-

rent policy, the central bank is ered an emergency before the cenlikely to continue its intervention, noting that its foreign currency reserves at the end of June were

Meanwhile, Bank of Japan Governor Harno Maekawa said the central bank considers the yen undervalued and will act flexibly to prevent its depreciation against the dollar from gaining momentum, and putting pressure on prices in

The weakening of the yen is the greatest threat to the containment of domestic price rises, he told Tuesday's quarterly meeting of the

bank's branch managers.

Despite this problem, he added, the Japanese economy has improved in terms of prices and balance of payments compared with

other Western nations. Mr. Mackawa said the central bank will pay "full attention" to the impact of differentials between Japanese and overseas interest rates. He said the most important prerequisite for stable world economic expansion is to bring down

the U.S. rate of inflation. Gradual Rebound Seen

While n rapid decline in U.S. interest rates is not expected, it is un-deniable that high U.S. rates are making it difficult for other ad-vanced nations to manage their cconomies, he said.

He predicted that business conditions in Japan will improve as personal consumption increases, but that recovery will be gradual.

The banking sources said they expect the yen to decline further over the next few weeks to 235 year to the dollar, and possibly even further to 240. It closed in Tokyo

Tuesday at 233.40. Some dealers said that if the 240-yen level was reached, the central bank may consider invoking its new Lombard-type interest rate. Under this system, intro-duced after the official discount rate was cut to 6.25 percent in March, the central bank would lend at n higher rate than the discount rate for as long as three

This would narrow the wide dif-

BP-Mexico in Talks Over Crude Contract

LONDON - British Petroleum is holding talks in London with Mexico's state oil company, Pemer, on a possible crude oil sup-ply contract, but no agreement has been reached, a BP spokesman

said Monday.

Over the weekend, José Andrés Oteyza, Mexico's minister for industrial development, said in Mexico City that a contract for 100,000 barrels n day was being concluded. The BP spokesman said talks have been going on for some time.

France Asked To Delay Elf On Texasgulf

WASHINGTON - The United States has asked France to delay a bid by its state-held oil company Elf-Aquitaine for Texasgulf Inc., the world's largest producer of sul-fur and a leading producer of other

foreign investment activity.

Mucb of the concern has been related to takeover bids from

een singled out. An administration official said e unusual action had been taken by the Committee on Foreign Investment in the United States, an interagency body led by the Treas-

The committee does not have the legal authority to block an investment. Its intervention is considered important, however, as a point of diplomatic pressure on a

Marc E. Leland, assistant secretary of the Treasury for international affairs and current chairman last Wednesday to France's ambassador, Francois de Laboulaye, asking for the purchase to be put national interests.

Elf-Aquitaine, two-thirds owned by the French government and about No.10 in size among the world's oil majors has made a \$2.8-billion cash offer for shares of Texasgulf in a complex transaction that also involves the Canada Development Corp., a company con-trolled by the Canadian govern-

The move into the Texasgulf situation came only about n week before expiration of the Elf Aquitaine offer. The expiration date is

them off at the pass." [Elf-Aquitaine said Tuesday it has started buying Texasgulf shares under its tender offer for all shares at \$56 each per common share and \$178.49 for each convertible preferred share, Reuters reported. The company did not say how many shares have been tendferential between domestic and ered so far.]

situation would have to be considtral bank would invoke the special rate system. One source said the ing the differential in overseas and a sensitive industry.

points should be sufficient to halt the yen's fall if intervention failed In any case, they noted that if U.S. interest rates do ease slightly or if Japan posts a very large bal-ance of payments surplus, the yen

Export Credit Proposals Make Japanese Uneasy

posed a uniform 2 percentage point rise in the export credit guidelines of the Organization for Economic Cooperation and Development, placing Japan in an em-barrassing position, Japanese gov-

overseas rates, with the two-month

yen bill rate at about 7.5 percent

compared with two-month Enro-

dollar rates around 18% percent.

of 10 percent, adding that narrow

Japanese rates to 7 or 8 percentage

is likely to rebound quickly.

But the sources added that the

ernment sources said Tuesday. Under the proposals, Japan would be expected to finance ex-ports at domestic market interest rates plus a small premium, while other OECD countries could issue

credits at below market rates. Japanese officials said Finance Minister Michio Watanabe is understood to be seeking changes in the proposals, which he says would reduce the international competitiveness of Japanese industrial plant exports.

The tentative guidelines, drawn up in Paris last week by the OECD

TOKYO — The Common Mar-ket, with U.S. support, has pro-posed a uniform 2 received a uniform 2 received a number of the same received a number of the same received and the same received a number of the same received and for middle-income countries and 10.75 percent for high-income

countries, they said.

The guidelines are lower than market rates in the Umited States, France and Britain, and at about the same level as those in West. Germany, but are much higher than the Japanese long-term prime lending rate of 8.5 percent, the

sources said.
The EEC is insisting that Japan only be allowed to use its market rate plus n premium of about 0.75 percentage point, the Japanese sources said.

Japan originally supported a U.S. suggestion to raise the guidelines, but had sought to allow countries whose market rates are lower than the guidelines to use the market rates. But, the United export credit and guarantee group, will raise the interest rates for officially supported export credits to 9.75 percent for credits of five to

CURRENCY RATES

Interbank exchange rates for July 21 1981, excluding bank service charges.

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Bids by Foreigners Prompt U.S. Move

By Clyde E. Farnsworth

minerals and petroleum.

The move is a sign of concern by

Canadian companies. This is the first time a French company has

ury Department and set up in the mid-1970s to monitor foreign in-

foreign government.

A Texasgulf official commented: "It may be too late to head

One motivation for the step up in takeover operations has been the deregulation of U.S. oil prices, which increases attractivesness of U.S. energy producers with poten-

tially large crude reserves.

The Committee on Foreign Investment in the United States has acted on the Taxasgulf-Elf situation because of what one adminis-tration official described as "concern" that a foreign government would be taking over a position in

The Committee on Foreign Investment, besides the Treasury, includes representatives from the Departments of Commerce, State, Defense and Labor and from the Office of the U.S. Trade Repre-

candidates in memory, said Mon-Gulf joins a long list of oil comday that it opposed the \$7.8 billion bid made by Mobil Go, last week and that it still supports Du Pont's panies that bave arranged large borrowings. Mobil arranged a \$6 billion credit line for its \$90-ashare bid for Conoco, Earlier, Texaco, ranked third among U.S. oil companies, negotiated a \$5.5 bil-Conoco Chairman Raiph E. Bailev said directors, in unanimously lion line, adding to speculation it, too, would enter the Conoco con-

acquisitions or mergers.

'DUPONT WITH A BACKHAND, CROSS-COURT TO TEXACO...' TEXACO WITH A HIGH LOB TO MOBIL.

Conoco Supports Du Pont, Spurns Mobil

vesting the funds short term, Reuters reported from New York.]

largest U.S. oil company, refused

to say whether it had any plans for

Spokesmen for Gulf, the fifth-

The Day women to the

opposing the Mobil offer, also authorized the company to go to court to try to block Mobil's offer on the ground that it would violate Even far smaller Marathon Oil has set up a \$5 billion credit line. Mobil with annual sales of In that case, as with Pennzoil, which has arranged a \$2.5 billion line, analysts said the moves were more than \$59 billion last year, is the second-largest U.S. oil company. Conoco, at \$18.3 billion is the

SEAGRAM'S WITH A FAST SERVE TO CONOCO...

By John M. Berry

and James L. Rowe Jr.

WASHINGTON - Conoco, one

of the most hotly pursued takeover

Antitrust Issue

Mobil said last week that its

lawyers had determined there

would be no antitrust violatioo in

a merged Mobil and Conoco. The

federal government will review the

Mobil offer, the Du Pont offer and

a \$3.77 billion bid for 51 percent

Canadian distiller, Seagram Co.

of Conoco's stock made by the big

The Conoco statement said that,

"If Mobil is permitted to acquire

Conoco — which competes vigor-ously and broadly with Mobil in all phases of the petroleum busi-

ness - a major restructuring of the

U.S. industry is likely to result,

with substantial energy euterprises

like Conoco disappearing as vigor-

ous competitors from the market."

to focus on what Gulf Oil Corp.

planned to do with a \$5 billion line

of credit the company said it is

negotinting. It already had in hand

a \$1 billion line, which it expects

to use for "current financial re-quirements" including previously

announced capital-spending plans.

Bankers Trust of New York and

National Westminister Bank of

London bead the banking syndi-

of the credit facility Tuesday, in-

Chicago Mart

Wins Approval

[Mobil drew down all \$6 billion

Meanwhile, speculation began

ninth largest.

largely defensive, Maratbon, Pennzoil, Kerr-McGee Corp., Phillips Petroleum Co. and Unioo Oil Co. of California are all on analysts' lists of potential takeover tar-

Analysts said Gulf's maneuvering could also be primarily defensive. Gulf said last week it plans to buy up to 10 million of its own shares, which would use up more than one-third of the \$1 billion credit line it definitely plans to

French Move on Boycott

PARIS - French Prime Minister Pierre Maurov issued an order effectively making illegal the compli-ance by French Firms with the Arab economic boycott of Israel, the prime minister's office said Tuesday. The order annulled instructions from the previous administration which excluded the boycott from a French law banning economic discrimination on racial, religious or ethnic grounds.

Market Closed All financial markets were closed-Tuesday in Belgium for a local hol-.

use. With the large amount of credit still available, Gulf could make a tender offer for its own shares if necessary to fight off a

CONOCO RETURNS TO DUPONT ...

Some analysts said that Gulf may also be worried that a hostile tender offer could be mounted as part of an effort to obtain control of enough stock to force the sale of Gulf Canada. Dome Petroleum Co. Ltd., a Canadian company, used such a tactic earlier this year to force Conoco to sell its Canadi-

John M. Berry Washington Post Service

ey supply growth target. Democrats and Republicans

of money supply growth is eroding in the face of constituent com-

servative George Hansen, Republican of Idaho. Rep. Norman D. country stand the cure for this [inflation] problem?"

An incensed Rep. Henry Gonzales, Democrat of Texas, charged that the Fed has "legalized usury," central bank hopes mer and said he is preparing a bill of impeachment covering Mr. Volck-

Interest Fears Push NYSE Prices Lowers

From Agency Dispatches
NEW YORK --- New York Stock Exchange prices closed low-er Tuesday, still buffeted by con-

cerns over high interest rates.

The Dow Jooes industrial average declined 6.08 points to 934.46, putting the index close to a new low for the year. The Dow has de-clined 89.59 points since reaching an eight-year high of 1,024.05 on

Declines led advances 1,187 to 388 as volume rose to 47.3 million shares from 40.2 million Monday. Michael Metz of Oppenheimer & Co. said the market gained some support late in the day from bar-gain hunting and a slightly firming bond market, but be expects the

decline to resume Wednesday. Other analysts said they exp the market to continue to fall for the next few weeks until it reaches

an oversold position.

Prices were lower in moderate trading of American Stock Exchange issues.

Fears that rates will remain high were reinforced Tuesday by news from the Ottawa summit, where President Reagan indicated the United States will stand firm on monetary policy, and by Federal Reserve Chairman Paul Volcker's statement to Congress that the Fed will also adhere to a restrictive

Meanwhile, the rate on federal funds, the reserves bank lend one another, surged as high as 20%. In the credit markets, the 91-day Treasury bill closed at a yield of

monetary policy.

15.67 percent compared with an average 15.563 percent at Monday's auction, while the half-year bill was at 15.43 percent against an

average 15.318 percent. Chase Manhattan Bank and Manufacturers Hanover Trust said they raised their broker loan rates to 20½ percent from 19½ percent. Earlier, Chemical Bank raised its

rate to 2012 percent.

Most of the action in the stock market involved the takeover of-fers for Conoco by Jos. Seagram & Sons, Du Pont and Mobil Corp. Conoco, a 2-point loser Monday, led the active list, closing at 84%.

In other corporate news, Polaroid said its founder and chairman, Edwin H. Land, asked the firm to register with the Securities and Exchange Commission a sec-ondary public offering of 1.5 mil-

From Washington, the Commerce Department reported that U.S. personal income rose 0.6 percent in June. The increase followed 0.6 percent rises in May and April. The department also reported that new orders for manufactured

goods rose a revised 0.9 percent in May and 0.7 percent in April. In London, the dollar closed at 2.4690 Deutsche marks after opening at 2.4500 and finishing Monday at 2.4455. Dealers said the dollar was spurred throughout the day by the strengthening of Eurodollar deposit rates from their already firm opening. Three-month depo-

House Panel Excoriates Tight Fed Policy

WASHINGTON - Federal Reserve Chairman Paul A. Volcker a tight money policy to combat in-Tuesday faced strong criticism from members of the House Bank-Committee as he announced the Fed is further tightening monetary policy by lowering a key mon-

alike denounced the harsh impact of near-record high interest rates.

It was by far the sharpest criticism Mr. Volcker has met as chairman, and its bipartisan nature indicates that previously strong congressional backing for tight control

"We are destroying the small businessmen. We are destroying Middle America," declared con-

er and a majority of the Fed's seven-member board of governors. Nevertheless, Mr. Volcker said the Fed would continue to pursue

Specifically, the chairman said the central bank's Federal Open Market Committee decided for the remainder of this year to aim for the lower end of the 3½-to 6-percent target range for growth of M-1B instead of the mid-point of the

For 1982, the target for growth M-1B, the measure of money that includes currency in circula tion and checking deposits at all financial institutions, was lowered to a range of 21/2-51/2 percent, Mr.

The target for M-2, which includes the items in M1-B as well as savings accounts at commercial banks, shares in money market mutual funds and funds obtained by financial institutions by selling securities with overnight repur-chase agreements, was left un-Shumway, Republican of Califor-nin more quietly asked, "Can the changed at 6-9 percent both for this year and for 1982. However, Mr. Volcker said that next year the Fed would shoot for the mid-point of that range, whereas this year the central bank hopes merely to stay

[In a report that accompanied

Mr. Volcker's testimony, the FOMC forecast real GNP growth of 1 to 3.5 percent this year and 1 to 4 percent in 1982, Reuters re-[In the mid-year monetary poli-

cy report, the committee also fore-cast an imemployment rate of 7.5

to 8.25 percent this year, and 7 to 8.5 percent in 1982. [The committee said the near-term outlook is for prices to con-tinue to rise at a more moderate pace than last year.

[Commeuting on the recent acuvity in corporate mergers. Mr. Volcker told the committee that the takeover bids have so far had only a limited impact on the availability of credit, according to

[He said he has some concern about the speed with which banks are extending lines of credit, but be did not indicate any need for. action by the Fed.

[He noted that in instances such as the fight for control of Conoco, much of the credit is duplicated and is never actually drawn upon.

[Mr. Volcker said credit extensions can affect distribution of credit, possibly to the detriment of small borrowers, but the overall balance of credit may not be appreciably changed."

July 1, 1981

NEW ISSUE

Continental Bank S.A.

iday.

On CD Futures United Press International CHICAGO — The Commodity Futures Trading Commission Tuesday approved the Chicago

Board of Trade's plan for futures contracts in certificates of deposit.

The Chicago Board of Trade is the second futures exchange to receive government approval to trade the new futures. Last month the commission cleared trading in CD futures on the New York Fu-

tures Exchange.
The proposed CBT contract calls for delivery of a fixed-rate, \$1 million certificate of deposit maturing between 75 and 105 days after delivery. Delivery months will be March, June, September and

Deliverable certificates will be those issued by selected U.S. banks, which will be named by the CBT before trading begins on Wednesday. The CFTC is scheduled to consider a trading application from a third exchange, the Chicago Mercantile Exchange, next week



All these Bonds have been sold. This announcement appears as a matter of record only

Groningen, The Netherlands

20,000,000 European Units of Account 11¼ per cent. 1981-1988 Bonds

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Banca del Gottardo Bank of America International Bank Gutzwiller, Kurz, Bungener (Overseas) Alahli Bank of Kuwait (K.S.C.) Bank Mees & Hope NV Banque Générale du Luxembourg S.A. Banque Internationale à Luxembourg S.A. Banque de Paris et des Pays-Bas Banque de Paris et des Pays-Bas Banque Worms Bayerische Vereinsbank International S.A. Berliner Handels- und Frankfurter Bank Compagnie de Banque et d'Investissements. CB1 Citicoro International Group Chase Manhattan Crédit Général

Dai-Ichi Kangyo Bank Nederland N.V. Credit Suisse First Boston Crédit Lyonnais Crédit Industriel d'Alsace et de Lorraine DG Bank Daiwa Europe Deutsche Girozentrale - Deutsche Kommunalbank -Dresdner Bank European Banking Company Gefina International Genossenschaftliche Zentralbank AG Girozentrale und Bank der österreichischen Sparkassen Inter-Alpha Asia KB Luxembourg (Asia) Ltd. Kredietbank S.A. Luxembourgeoise Kuwait Investment Company (S.A.K.) E van Lanschot Bankiers N.V.

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Manufacturers Hanover Nederlandsche Middenstandsbank N.V. Nederlandse Credietbank nv The Nikko Securities Co., (Europe) Ltd. Nippon European Bank S.A. Nordfinanz-Bank Zürich Sal. Oppenheim jr. & Cie. Pierson, Heldring & Pierson N.V. Privatbanken A/S Sanwa Bank (Underwriters) Skandinaviska Enskilda Banken Société Générale Alsacienne de Banque Société Générale de Banque S.A. Vereins- und Westbank Soditic International S.A. (Panama)

NYSE Nationwide Trading Closing Prices July 21 U.S. COMMODITY PRICES Chicago Futures London Metals Market International Monetary 70420 925.50 979.00 7,320.00 440.00 437.00 447.00 447.00 447.00 447.00 447.00 447.00 447.00 447.00 447.00 447.00 447.00 447.00 NINE BURNES **London Commodities** Toronto Stocks Closing Prices, July 20, 1981 **Montreal Stocks European Stock Markets** Closing Prices, July 20, 1981 Paris Commodities **NYSE Most Actives** COLUMN TO THE PROPERTY OF THE Canadian Indexes N.O. N.O. 1,216 (,225 1,252 1,245 1,250 1,275 -- 1,255 -- 1,345 Dow Jones Bond Averages Standard & Poors F.F. 528, S.Fr. 242, D.M. 264 Zurich NYSE Index If you now buy the International On a 12-month subscription, that Odd-Lot Trading in N.Y. Cash Prices Herald Tribune at the newsstand every represents a saving of FF 528 if you live day, you're spending almost twice as in France, SFr. 242 in Switzerland, Fl.296 in the Netherlands, and similar much as you need to. Take advantage of our special introductory offer for new subscribers. You'll save 25% off the regular savings in other countries. American Most Actives 8BC Index :311.38 Previous :271.30 Start getting more world news for less immediately. Complete the coupon subscription price, or 42% off the below and return it to us with your Selected Over-the-Counter newsstand price in most countries! check or money order today. Commodity Indexes THESE ARE THE SPECIAL RATES AFTER DEDUCTION OF THE INTRODUCTORY DISCOUNT 92.00 65 00 69 00 1,980.00 63 00 69.00 92.00 3,520.00 Àden Jair) . 7,200.00 230.00 348.00 330.00 248.00 230.00 124.00 115.00 Tokyo Exchange 72.00 248.00 1,350,00 2,700,00 115.00 165.00 115.00 115.00 495,00 124.00 165.00 405.00 180,00 AMEX Index 4,900 00 330,00 248,00 248,00 5,400,00 330,00 12,600.00 810.00 235.00 90 00 63.00 63.00 92.00 UAE (air). NOTIFICATION 230.00 330.00 63.00 65.00 63.00 U.S.S.R. (air) COMPTREND TWO: 115.00 A MANAGED COMMODITY ACCOUNT. Equity on I want to receive the IHT at my Job title/profession January 1, 1981: address below for:

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Eurocurrency Interest Rates

Floating Rate Notes

Closing prices, July 21, 1981

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AMEX Nationwide Trading Closing Prices July 21 Tables include the nationwide prices up to the closing on Walt Street.

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FOR READERS WHOSE LIVES ARE BIGGER THAN NATIONAL BOUNDARIES.

> International Herald Tribune We've got news for you.

COMPANY REPORTS

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Per Shere..... secretary of state for energy has The secretary, João Carvalho Carreira, said that the Spanish en-2nd Quar ergy minister. Ignacio Bayon Ma-rine, gave his country's approval for the project during a visit to Lis-Per Share... 12 months Profits..... Portugal proposes to operate a 1,000-megawatt generator at one of three sites where Spain is already building or plans nuclear power stations, Mr. Carreira add-Revenue... Profits.... 1st Helf Per Shore.....

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Non Banks

ed. All the sites are close to Portugal's border. He said an agreement on the project might be signed within a year. The reactor would cost Portugal about 90 billion escudos (\$1.4 billion) to build at 1980 317.2 15.04 0.46 **European Gold Markets** Jely 51, 1981

Spanish territory, the Portuguese

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Gold Options (prices to \$/02.) Aug. 11,50-13.50 ——— 5.00- 7.00 23:50-26.50 2.00- 5.00 17,00-20.00 2.00- 2.00 7,00-10.00 1.00- 2.00 5.00- 7.00 Valeurs White Weld S.A.

Harvester **Misses Goal** On Finances

1980 893.8 0.84 0.54 1980 1,890. 29.48 1.82 New York Times Service CHICAGO - loternational Harvester's five-month, \$4.9 bil-lion financial restructuring was supposed to be completed last week. But the self-imposed deadline passed, as a handful of dissi-dent bankers has yet to approve a credit arrangement.

Another goal of the restructur-ing — shaving \$200 million off op-erating costs during the year end-ing in October — is also slipping

out of reach.

"The steps we've taken will save
us \$100 million by the end of October," insists Warren Hayford,
president and chief operating offi-

cer. The company says it expects only to break even this year. Failure to meet the cost-cutting goals at a time whom sales are ex-pected to be weak and expenses high, analysts say, could send Har-vester back to the banks or force the sale of more assets.

Harvester has also promised its lenders that it will cut \$1 billion from the \$2.5 billion in stockpiles it carried at the beginning of the year. In the second quarter, Mr. Hayford said, inventories dropped by \$300 million, some of it a seasonal fluctuation, however.

Top officers have been hit with B pay reduction, while salaries of other managers and nonunion personnel have been frozen. Later, 2,000 people were let go, divisions were put on the auction block, and marginal equipment was scrapped and sold.

Now Mr. Hayford laments that the costs of severance pay and pension benefits will keep the compa-

by from reaching its goal.
"There's been a lot of huffing and puffing, but not much in the wey of results," Alex Blanton, an analyst for Merrill Lynch, said.

Independent observers tend toagree that the company, except perhaps in construction equipment, has well-engineered prod-ucts that will keep it in good stead whenever the market recovers. But this counting on the future irks some analysts.

"It's an overly optimistic approach; they're depending on the economy to bail them out," said. Mr. Blanton.



European Options Exchange Tel. 262721 AMSTERDAM Telex 1347: GOLD OPTIONS Aug. Nov. 19.00 7.00 3.00 a 1.50 1.10 a 26.00 18.00 a 12.00 a 7.00 a

The Ministry of Euphrates Dam in the S.A.R. declares the cancellation of the tender published under No 411 dated 26/3/1981 concerning the construction of Drainage Network, non asphalted Roads and Struc-tures serving 75 (Seventy live) tube wells for drainage of saline waters in Zone No 1 of the Lower Euphrates valley located between Peir-El-Zor City and the Iraqi borders on the right bank of the Euphrates River, considering, the submitted offers are not in conformity with the

Dir. Gen. HAJTHAM BASHIR. COLAN.

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On 13th July, 1981 the Ten Year Weekly Treasury Rate was

Morgan Guaranty Trust Company of New York

CROSSWORD.

By Eugene T. Maleska

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WARSAW

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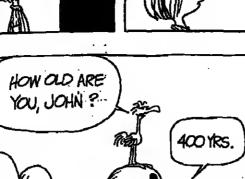
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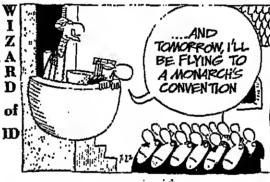




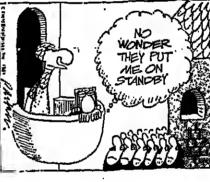


















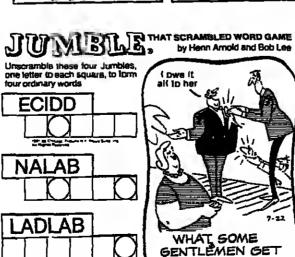






DENNIS THE MENACE





AVGASE Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon. Print answer here:

Jumbles: ELEGY WELSH FEEBLE HUNGRY Answer: The only thing revolutionary about some of those new car models—THE WHEELS

FROM LADIES.

Imprimé par P.I.O. - 1, Boulevard Ney, 75018 Paris



YOU BETTER NOT COME OVER, MARGARET. I GOT APPOINTMENTS ALL DAY. *

BOOKS

BEST SELLER

By Geoffrey Bocca: Illustrated. 233 pp. \$12.95. Wyndham Books, 1230 Ave. of the Americas, New York 10020.

Reviewed by Christopher Lehmann-Haupt

HERE is one of those books that look at first glance like nothing but fun — "A Nostalgic Celebration of the Less-Than-Great Books You Have Always Been Afraid to Admit You Loved," as the subtitle of "Best Seller" has is But as Geoffrey Bocca. Seller" has it. But as Geoffrey Bocca, an English journainst who has published more than 30 books, admits in his conclusion, the book wasn't as easy to write as it looked: "In fact I found it devilish hard. So many books! So many books to read about the books?"

"I finished writing this book red-eyed and ill-humored," he writes. "For the first time in my life I came to understand why book critics are such an ornery bunch."

Dusting Every Corner

Still, Bocca, who has a relaxed and personable style, does pretty well at his task. True, there are times when he seems to be reaching. There is a certain rigidity in his approach to the books he has selected — plot of the novel, biography of the author, com-ment on the various movies derived, an occasional anecdote thrown in as if be were determined to dust every corner for possible material to amuse

Though he claims to love these Though he claims to love these books, he camps now and then at the expense of their plots, particularly in his essays on H. Rider Haggard's "King Solomon's Mines" (1885), Frederic William Farrar's "Eric, or Little by Little" (1858) and George Barr McCutcheon's "Graustark" (1901).

And possibly we can detect a note of straining when Bocca calls E. Phil-

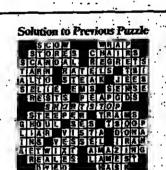
of straining when Bocca calls E. Phil-lips Oppenheim's "The Great Imper-sonation" (1920) "the best internasonation" (1920) "the best international-espionage novel written in the
20th century," or when he pronounces
R.C. Sherriff's "The Hopkins Manuscript" (1939), about what happened
to the denizens of a small English village after the moon collided with the
Earth, "one of the great sci-fi novels
of the 20th century."

But despite such shorrowings

But despite such shortcomings, "Best Seller" is an entertaining book to browse through Bocca's approach is sufficiently relaxed to permit comment on a variety of side issues, such as "why British writers of a certain. period so frequently signed their names with their initials" — J.B. Priestley, J.M. Barrie, G.K. Chesterton and so forth. The reason is, "English public-school boys in that era would have died under torture rather than allow their schoolmates to discover their first names."

And some not-so-side issues are raised — for instance, how very little in the way of sexual suggestion it took. to arouse an overimaginative adoles-cent such as Geoffrey Bocca. This, of course, is one of the reasons Kathleen Winsor's "Forever Amber" (1944) and Elinor Glyn's "Three Weeks" (1907) enter the discussion; although Bocca makes an interesting and credible case that the protagonist of "For-ever Amber" is actually 17th-century Loodon, "ugly, stinking, with the buildings overlapping, story above story, until at the top the sky is all but shut out."
Indeed Bocca

number of credible cases. While he manages effectively to turn readers off Wren's "Beau Geste" (1924), Edgar Rice Burroughs' "Tarzan of the



Apes" (1914) and Michael Arlen's "The Green Hat" (1924) — his theory on the last being that "Arlen was writing in contradiction to his own personality"—he arouses active interest in E.C. Bentley's "Trent's Last Case" (1913), Owen Wister's "The Virginian" (1902), Baroness Orczy's "The Scarlet Pimpernel" (1905) and, believe it or not, Frances Hodgson Burnett's "Little Lord Fauntleroy" (1886).

Is it significant that Bocca's father "was a movie projectionist in a coal-mining village called Horden in the northeast of England during the De-pression" and that nearly all 15 of his old chestnuts, whether of English or American origin, concern some sort of tension aroused by contact between the upper and lower classes?

No doubt, it is significant. But then it's probably just as interesting to note that the best anecdote in the book is the one Bocca tells in his introduction, the one Bocca tells in his introduction, about a piece of literary advice he once received from Winston Churchill. And the book he waxes most enthusiastic about is the object of Churchill's advice, namely Alexander Kinglake's nine-volume "History of the Invasion of the Crimea: Its Origin and an Account of Its Progress Down to the Death of Lord Ragian," which Bocca celebrates as "one of the most thrilling literary experiences of a lifetine." Just because these nine voltime." Just because these nine vol-times probably remain largely unread is no excuse to avoid them. As Churchill pointed out to Bocca: "Read it, my boy. As you say, nobody does. So no one can accuse you of plagiarism, can they?"

Christopher Lehmann-Haupt is on the staff of The New York Times.

Best Sellers The New York Times

This list is based on reports from more than 1,400 bookstones throughout the United States. Weeks on list are not necessarily consecutive. FICTION

NOBLE HOUSE, by James Cla-GORKY PARK, by Martin Cras. GOODBYE JANETTE by Harold Robbins

4 THE GLITTER DOME, by Joseph Wambright

5 GOD EMPEROR OF DUNE, by
Frank Herbert

6 FREE FALL IN CRIMSON, by
John D. MacDonald

7 THE COVENANT, by James A.
Michen

Micheser XPD, by Len Deighton LICENSE RENEWED, by John THE WHITE HOTEL, by D.M.

NONFICTION THE REVERLY HILLS DIET, by THE LORD GOD MADE THEM.

ALL by James Herriot
NEVER SAY-DIET BOOK, by,
Richard Simmons Richard Simmons
COSMOS, by Carl Sagan
COSMOS TO GUIDE TO LIFE, by Miss Eggy as told to Henry Beard. 6 THE EAGLE'S GIFT, by Carlos THE ALPHA STRATEGY, by 7 THE ALPHA STRATEGY, by John A Pagaley 7 4
8 JANE BRODY'S NUTRITION BOOK, by Jane Brody 2
9 DR. ATKINS' NUTRITION BREAKTHROUGH by Dr. Robert C. Atkins 13 13
10 THEORY Z. by William G. Dr. 11 4
11 YOU CAN NEGOTIATE ANYTHING, by Herb Coben 3 20
12 THE PRITIKIN PERMANENT WEIGHT-LOSS MANUAL by Nishau Pritikin 12 7
13 PAVAROTTI: MY COWN STORY OF LOSS MANUAL BY VILLIAM E. DONOGHUE'S COMPLETE MONEY MARKET GUIDE by William B. Donoghue with Thomas Tilling 9 17
15 MARIA CALLAS by Arianna Stassinopoulos 14

BRIDGE

DISCARDING in defense is a dif-ficult area, but there is a golden rule that is not always understood: A defender should try and keep length in any suit in which the declaring side also has length.

This is not so difficult to arrange when the side-suit is in the dummy, but it is equally important when the side-suit is in the closed band.

On the diagramed deal from the limited Swiss Team Championship at the recent Eastern Regionals, it be-came clear to the declarer that East had made an error. However, the exact nature of the error was less clear.

The deal occurred in a match in the final round. Sitting North and South, and bidding to an optimistic slam, were Stan and Tobyann Strachan of New York, who shared top honors in the event. North's final jump to six clubs was slightly too ambitious, and West made a slightly greedy double. He led his spade king and shifted to the singleton diamond. The declarer, Tobyann Strachan,

won in dummy and led a trump to the ace. If the trumps had broken evenly, she would have been well-placed, but the bad break doomed the slam. The lack of the heart ten was crucial, since ruffing out the presumed king in the West hand would not establish the remaining hearts.

With nothing better to do, South took the marked club finesse and continued trumps, drawing all West's teeth. East has to make four discards, and forgot the golden rule; one of his discards was a heart, a suit in which South was known to have length.

South was delighted to see this discard, surely an unwise one. But what sort of error had East made? Had he thrown a heart from K-10-x-x? Very unlikely, especially in view of West's double, so a simple heart finesse was not attractive.

It was quite possible that East had thrown a heart from 10-x-x-x, or from 10-x-x-x. In the former case it was: By Alan Truscott

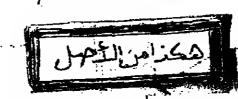
right to play the ace of hearts followed by the queen, ruffing out the king. In the latter case it would be right

to play the heart ace and ruff a low heart, removing the king.
South needed a count on the heart suit. West had presumably begin with five spades, since East had not begin a high-tow to show a doubleton. West had certainly begin with four citibs. So South led the diamond queen from dummy. If West had followed, his distribution would no doubt have been

5-2-2-4. When he threw a spade on the dia-mond lead, it was clear that his distrimond lead, it was clear that his distri-bution was 5-3-1-4. Tobyann Sirachan confidently led to the heart are said played the queen, ruffing out the king. The diamond are was the entry to her hand, and the doubled slam was made, winning the declarer her first regional title and the rank of life mas-

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South L.O. Pass Pass



By Joseph Durso

New York Times Service

NEW YORK — In the 41st year
of his life and the 19th year of his
baseball career, Pete Rose paused
the other day to consider the

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the other day to consider the price tag of the baseball strike. It was costing Nolan Ryan of the Houston Astros and Dave Winfield of the New York Yank-ees about \$6,000 and \$7,500 a day

respectively. It was costing the Los Angeles Dodgers \$500,000 for every home game missed. Everybody was paying something.
Then there was Peter Edward

Rose, once of the Cincinnati Reds and now the Philadelphia Phils. The strike was costing him roughly \$5,000 a day.

The Ultimate Cost

But for Rose, baseball's perpetu-al-motion Charley Hustle, the man racing toward more personal re-cords than anybody else in the business, the ultimate cost was

In his fight against age, in his pursuit of the legend of Ty Cobb, Rose had already lost a precious month-plus. He had lost more time to the strike than to injuries in 10 He wasn't whining But Cobb

had become the obsession of his life, and time had become the key to its solution. A caged riger, Rose has been waiting to resume what had been a sizzling season. Three times a week, he plays four or five sets of

tennis. Seven nights a week, he takes his bats to a place called the Ball Game and swings against a pitching machine.
"It feels strange," be said. "I'm

OK, but it feels strange. Until the strike, I never had a Sunday off for 18 years, except when it rained. I think I missed something like five games in the last II years."

'You Bet I'm Anxious'

"If I end up with 73 hits, which 1 have now," he went on, "it's a loss. Cobb gets further away.

"You bet I'm anxious for my records. We were a game and a half in front when the strike started. I was hitting .330. I've got the all-time record for hits per game, and that's all down the drain . . . And I'm on the verge of the record that counts: No. 1 in hitting in base-

"Cobb's got 4,191 hits. I've got 3,630. So if I end up with 73 hits this year instead of 195, it hurts. this year instead. This minute, I'm 561 away."
This minute, I'm 561 away."
This minute, I'm 561 away."

game's bigger than any individual or group of individuals. I just can't think that I lost a month to Cobb. I can't put my personal things ahead of everybody's Mayoe I'll get lucky and not get burt, and

He shifted again: "I'm not criticizing. But why don't they settle these things during the winter?" And, again, the obsession: "If I get to 4,000, I'll glue myself together and get that extra 191. And I'll get to 4,000."

No Exceptions During baseball's longest shut-down, time isn't standing still for

Tim Raines of Montreal stole 50 bases in 55 games as a rookic — and then halted his chase for Lou Brock's record of 118 in one sea-son. Fernando Valenzuela of the Dodgers pitched five shutouts and won eight straight games before encountering a mild slump — and then halted his chase for rookie-of-

But for the senior stars, the time lost might be lost forever. Willie Stargell of Pittsburgh was 40 and limping toward his 500th home run. Carl Yasuzemski of Boston was 41 and vaguely gunning for his 500th. Gaylord Perry of Atlanta was 42 and needed six victories to become the first man in nearly 20 vears to reach 300.

the-year honors.

"Look," said Rose, 40 last April. "Us older guys realize that if you stay in shape and prolong your career, it's a couple of million dollars more. You can play two years after you could've retired.

"But you start taking two days off a week when you're 39, and you suddenly start to play like you're an old man. I don't want any days off. Some guy might go out there in your place and look

Not much chance of that In 16 seasons with the Reds and two and a half with the Phillies, Rose has played in six National League playoffs, five World Series and 13 All-Star Games at five positions. He has been voted rookie of the year, most valuable player in the National League and in the World Series and the National League player of the 1970s. He has won the league batting title three times. His career average is .310.

But after 2,900 games and 11,700 times at bat, Rose outranks the modern masses mostly in durability; because of it, he aims to outrank Cobb as the greatest offensive player in history.

He knows Cohb hit .357 at the



Pete Rose ... If I get to 4,000, I'll glue myself together and get that extra 191. And I'll get to 4,000.

age of 40 and ended his career by hitting .323 at 41. For Rose, that would be next year.

But Rose knows Cohb played in 95 games in his final season, and he can easily calculate things: To pass Cohb, he must maintain average of nearly 200 hits a season for nearly three more years. Then, sometime in 1984, when he is 43, Rose's great chase may end. "If I'm lucky," he said. "If I'm bealthy, I'll make it."

"Baseball is a game of stamina," said Sparky Anderson, who managed Rose at Cincinnati. "After traveling all summer and playing night games from one coast to the other, 162 games a season, bow many guys are as strong in Sep-tember as they were in April? But Pete Rose is extraordinaristrong, and motivated like no-

body in the business. In September, when other guys are wilting, he's still hammering away."

Dramatic Sense

Having recorded his 3,000th hit May 7, 1978, Rose sat out the second game of a doubleheader two days later. But a month after that, he set sail again. From June 14 to July 31 that year, be hit in 44 straight games, a modern record in his league.

The timing was as flawless as his sense of drama. Having won national attention that summer of 1978, be became a free agent and left the Reds, After a whirlwind auction, at the age of 37, he then signed with the Phillies for four years at \$800,000 a season.

When the 1981 season began, the Phillies were the defending champions of basehall and Rose had one immediate target in his sights: Stan Musial's National League record of 3,630 hits. On June 10, in his first time at bat against the Astros, he singled off Ryan and tied Musial, who was watching from a box seat.

But life is not that simple. Ryan struck him out the next three times, the Phillies did not play the next day. The baseball strike began the day after that, "I'll get another hit sometime," said Rose as he headed home to Cincinnati to sweat out the strike, "Won't I?"

Nobody doubts it. Nobody doubts he'll get 142 more and pass Henry Aaron, who ended his career with 3,771 after 21 seasons in the majhors. But beyond Aaron is the prize: Cohb. Back home in Cincinnati, where

his marriage broke up earlier this year. Rose was in the hatting cage.

"They've got machines that pitch two speeds," he said. "You can take 90 miles an bour or 70. Whole teams line up, softball teams, hard-

hall everything.
"Everybody uses the 90-mile speed to prove they can hit. I like 70 to keep my swing where it be-

"Upstairs, they even have an area twice the size of a tennis court, with artificial turf. I go up there and take ground balls. But I only bope the other guys on the Phillies are doing what I'm doing, and not figuring that they'll give us a week to get ready after the strike.

"I'm very fortunate." Rose said in a philosophical moment. "Every place I've been, or will be, is because of baseball. Everybody I've mer, or will meet, is because of haseball, Everything I've done, or will do, is because of haseball." The mood passed. The familiar

obsession — achievement — was back. "I'm hitting .330, strike or no strike," Rose said. "They can't take that away from me. Maybe I'll get bot and win the batting championship again.

"Four titles in three decades. Did anybody in baseball ever do

Thus far they look like a good LONDON - Question: Which bet to qualify from the Asia-Oceania Group I, having soundly nation that, at last official count, had just 102 professional soccer got the better of Australia, In-donesia, Taiwan and Fiji. Next players, now stands in the path of China, with its population of nearly one hillion, on the road to the World Cup finals of 1982? The real

You don't know? A few clues: This nation, with a of population fewer than three million inhabiting an island 1,000 miles lnng and not particularly wide, has to travel tional rival - and then finds big brother quite condescending in its attitude toward making good on

scheduled games.

But David recently took Goliath by storm. In the local jargon, he cut down the tallest poppy around. It has to be admitted that David was inspired by an English coach and an Irish assistant coach, and it is said that Goliath threw the game in order to get its demonic Ger-man coach off its back. Are you close? A final clue: The

nation in question has in its pre-mier league the likes of Woolstan Working Mens Club, Christchurch and Wellington Diamond United. Of course: New Zealand.

By Rob Hughes

World Cup, that is - the one Bra-zil and West Germany and the So-

viet Union are hursting a gut to get

mational Herald Tribine

I am indebted to Trevor Rouse, a good friend and naturally enough a New Zealander, for whatever feeling and knowledge 1 can offer about the romantic Kiwi success in 1981. As far as New Zealand is concerned, its 2-0 victory over Australia in Sydney represents the ultimate.

Tail Nipped

Australia is its Goliath. The Aussies became unsufferable after reaching the 1974 World Cup finals, and although the Kiwi is well aware of the Australians' difficulty in adapting to West Ger-man coach Rudi Gutendorf, be is darned proud to have nipped the kangaroo's tail.

New Zealand doesn't make any fancy claims about its predominantly amateur players, who do full days work in factories or on farms and then all but bankrupt their national federation by flying huge distances to train for these World Cup games. They admit they are a mainly vigorous, hard-running bunch of lads out to see supercoach to harness the un-

stop is the likely challenge of China, and of oil-fueled Kuwait and

The Soccer Scene

Saudi Arahia, for the two available berths in Spain. "Perhaps," says Rouse, "If we make it to the finals and we draw Brazil, they will let New Zealand play with 13 men!"

All things are possible. The United States is nut of the compeution. England and Hungary and Czechoslovakia will have a strug-gle to get there. And New Zealand. grouped around its experienced eading player Brian Turner, has as good a chance as any of them.

Meanwhile, the Chinese, newly admitted to the international fold, will present a style of speed, robusiness and one-touch soccer; the Kuwaitis, money nn object and coached by former Brazilian World Cup captain Carlos Alberto, have made mincemeat of their group's opposition — Thailand, Malaysia and South Korea.

Spiced With Samba

Alberto, who succeeded one-time Brazil national coach Mario Zagalu as supremo in Kuwait says his boys play a combination of European pro soccer spiced with samba. After a tour of Brazil, giving a good fight to first-division teams there, the Kuwaitis believe this is to be their year in qualifying for the finals. Once in Spain they will be cannon fodder but, like the Olympian ideal, the fun is in get-

Fun? Gutendorf wouldn't agree. The price of New Zealand's victo-TV over Australia was the sack for him as the Aussie team's national coach. Mind you, he had lived dangerously, as he always does.

It has been fascinating to see that, though so far off the beaten soccer track, the Australians are more than a match for the Europeans or South Americans in their fickle-minded approach to coaches. When Gutendorf, who had signed millionaire player Kevin Keegan for SV Hamburg in 1977, arrived in Australia the following fall, be was hailed as a messiah, feted to high beaven as the

Down-Under Goliath Gets His

A certain columnist welcomed his expensive coming in particularly profusive terms and later, when "Rude Rudi's" dogmatic nature. his outhurts and his professional overriding of amateur administra-tors caused diplomatic feathers to fly, the journalist cried brave.

"I can well imagine that Gutendorf trod on some toes, told a few people off, even raised his vnice in anger and anguish." he wrote. "But so have I. And for years but to no avail. Australian soccer (which now hulds him to kangaroo court) has the world's most devas-tating deaf ears."

Two years later, the same writer savagely indicts Gutendorf as a Hitlerian figure who "succeeded in making Dracula look like a shy

boy scout in comparison. He calls him a mad, re-born Fuhrer, a diciatorial monster whose team, the journalist implies, played without spirit or tactical concept — "players whose subcon-scious wish to destory their tormentor was stronger than their natural ambition to win. . . . Whew. Not even the German nr

Dutch press takes defeat so hadly. Gutendorf, whom the writer doesn't fail to mention has been abandoned by his wife, is said to be heading for Germany or England or America. We merely wish him a better press, just as we hope the achievement of unfashionable New Zealand can be seen in a more generous light. Good on yer,

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Dorsett Running Out of Running Room?

By Bob Oates Los Angeles Times Service THOUSAND OAKS, Calif. -For Tony Dorsett, life in the National Football League is still dis-

Although he has exceeded 1,000 yards in ground gained annually — becoming the first to do so in each of his first four NFL years - the Dallas Cowboys running back still isn't a recognized all-pro. Most of the ball-carrying honors in his time have gone to others, including Earl Campbell, Walter Payton, Wilbert Montgomery and even Ottis An-

Dorsett knows why he has been shortchanged. "I've got to carry the ball 25 times a game to be effective," he said recently. "In the pros, anybody would." Instead, he averaged 17 rushes a game last year, matching his career figure as a Cowboy. And at their training camp here, the Dallas coaches were planning more of the same.
"Tony lacks the real size to carry

it 25 or 30 times a game," said Coach Tom Landry of his 5-11, 190-pound back. "If we'd push him hard — let him carry as much as be can regardless of injuries — I doubt if he'd have the success he's

had." So the decision has been made. But is it the right one? Is he actually one of those tough little backs who can make it in a big way as a

workhorse? The likes of USC Coach John Robinson, Harvard Coach Joe Restic, Landry, Dorsett himself and Cowboy Vice President Gil Brandt provide some insight into the role of 1980s running backs and several votes for the club's po-

Said Robinson, whose Trojan

Transactions

BASEBALL
American League
CHICAGO—Signed Bill Boboock, plicher,
FOOTBALL
Matienst Feetboll League
ATLANTA—Cut Michael Wright and Darrell
Charder, running backs, and Terry White, detershe back.
BUFFALO—Signed Justin Cross, tackteler; Miles Masiev. CL. LO—Signed Justin Cross, tackle-cen-Masley, wide receiver, Ben Garry and on, running backs, and Keni Davis.

DENVER ARONCOS—Announced the retire DENVER ARONCOS—Announced the retire-fised of John Kerworth, running bock.
HOUSTON—Cut Rick Beasley and Rodney Smith, wide receivers; James Coseland, running back; Michael Durgin, offensive tackle; Scatt Gallos and Kelly Monk, centera) Tommy Horrer and Jethray Holm, defensive ands; Jumes Hol-fen and David Knowles, defensive backs; David Hornins, linebacker, and Darryl Poyne, guard. MIAMI—Stened Larry Tearry, center. Cut Rick Maser, running back.

Rick Maser, ruming back. NEW ENGLAND—Signed Ken Naber, punter. Io a multiveur contract, Stave Schindler, puord, "Hired N.Y. GIANTS—Cut Pot Comelius, center Steve Cunninghom, linebocker; Jacome Dovi Stave Cuminghom, Ilnebacker; Jerome Dove, Jelmstve back; Nate Johnson, wide receiver, and Nate Rivers, running back.

PHILATELPHIA—Signed Cloude Humphre ive end, to a one-year contract plus on as

ion year. ST, LOUIS—Added Dave Betz, placekicker, to

phe roster.
SAN IIIEGO—Signed Bobby Duckwerth, wide scriver, and and pete Holohan, fight and. Anounced James Willie Brown, detensive line-han, left come voluntarily.
SEATTLE—Announced that Peter Crosson. nebacker, has agreed to a one-year contract.

TAMPA BAY—Announced that Steve Gettel.

TAMPA BAY—Announced hat Sieve Gettel, ffensive lineman, left carns, 80CKEY

Noticel Heckey Leases

MONTREAL—Signed John Goodwin, center, 10 multiyear irres-opent centract.

COLLEGE

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AANHATTAN—Normed Tony Branch and Jee applitions assistant basketible colorine.

WASHINGTON STATE—Normed Len Stevens

WILLIGHTAW:

tailbacks typically have been workhorses: "You have to make a dis-tinction between college and pro runners. A good college back of any size — Ricky Bell (215), O.J. upson (210) or Charles White (180) — gets stronger as the game goes along. We couldn't give White the ball often enough. "But in pro ball, it's a fact that

the most productive backs - those who get the ball all the time and go with it — have all been good-sized physical specimens: Campbell, O.J., Franco Harris, Jim Brown, even Payton Payton [5-10] is shorter than Dorsett but be's a much bigger man [202 pounds]." Restic, the offensive expert who

serves Los Angeles Ram Coach Ray Malavasi as an adviser, said: "I question whether any pro running back today can keep his health very long carrying the ball 25 times a week. The change to the 16-game schedule has been harder game than any other phase of foot-ball. on running backs and the running

Real Reason

"The longer schedule is the real reason you're seeing more passing today. The coaches just can't afford to subject their good running backs to all that pounding. When you huild a game plan around a running back and be limps out in the second quarter, yon've had it. The smarter pro coaches are all

Restic thinks Landry's use of Dorsett is the wave of the future. "The backs who last in the 1980s," he said, "will be the good receivers who get the ball in the open field - not the ones who pound away

from scrimmage.

Brandt: "I'm a Dorsett fan He' is as tough as they come, any size. He's gained 1,000 yards every year of his life — four in college [Pittsburgh] and four with us - and a 190-pound running back could never do that unless he was as tough as the big ones. Or tougher. No back of any size ever averaged 1,000 yards for eight straight years. So I think Tony could carry the ball more often for us than he

But let me say this: It would be a gamble, an unnecessary gamble, considering the size and speed of the defensive people in this league. It's a lot more important for Dorsett, for Landry, for all of us, to be in the playoffs in January than go for records in October."

Two Kinds

Robinson: "One reason they might decide to give Dorsett a few more carries sometimes is that be sees himself as a tough guy — as Charles White did — and you can depend on that kind to put out. The great backs I've known have all been of two types. The difference is psychological, not pbysical, oddly enough, and it comes down to what they think of themselves. They see themselves as either a tough back or an elusive back." A pro team can use both kinds, Robinson said. "On our team we

coach them all to be tough, to be aggressive. Our approach is to sell them on the idea that the same play that gains two yards in the second quarter will gain seven in the fourth because we're wearing down the other guys.
"If they really buy that, they ac-

tually get stronger as the game goes along. I think Dorsett would

get stronger and more productive

in the second balf, too, but in the pros there's a limit to how much you can wear down 250-pound defensive people with 190-pound backs. Those huge defensive guys are just about as quick as you are. That's what's different about pro Restic: "The basic physical

problem today for a running back of any size is that the defenses are so specialized and sophisticated as well as so quick. The specialists in an 11-man run defense will just crush you if you keep running on 'running downs.' You can surprise them and run once in awhile on a passing down, but not too often. Carrying the bell 25 times on a Sunday afternoon is taking your life in your hands."

Landry: "Wilbert Montgomery six games last season] was crippled and limping a lot (in many other games). That is the price you have to pay if you want a runner to gain a lot of yards. We don't want that. I want somebody I can depend on week in and out instead of somebody who gains 1,600 or 1,800

Brandt: "I happen to think it's a good thing for Tony that his coach is in a secure and stable situation. Some coaches don't know if they'll be around pext year. An insecure head coach, getting pressure from a talented running back to carry the ball, would probably say, 'The hell with it, let's take a chance and give it to him."

"But Landry doesn't have to do that. He knows he'll be back next

Dorsett remains unimpressed with all the logic. "I don't think-I'm being unreasonable," he said, schedule." when I ask for 25 [carries a



Tony Dorsett

game. I'm going to do everything I can to convince them.

"I'm at a stage now where it's time to get more serious about my job, my life," said Dorsett, who was married in the offseason to a a girl be met at training camp last summer. "Marriage has added a lot of stability to my life."

The other hig change in Dorsett is his new commitment to work-outs and weight lifting. Whereas he appeared in the Dallas weight room only a few times in previous offseasons, be was an almost daily regular there this spring.

He was going for brownie points with the coaches, Dorsett told one writer. "Maybe they'll think I can take a pounding over the 16-game

If so, they're keeping it quiet.

2 Comaneci 10s Produce Romania's 3d, 4th Golds

From Agency Dispatches BUCHAREST — Gymnast Na- gymnastics. dia Comaneci produced two per-fect 10s in floor exercizes here Tuesday, helping Romania to its beat South Korea, 104-70, Tuesthird and fourth gold medals of the World University Games.

The Romanian women defeated petition, and Comaneci edged Russian Stela Zahorova, 39.40 to 39.20, for the individual all-around title. China was third in the team contest and Romanian Dumitrita Turner took the individual bronze.

Mike Carter became the first American gold medalist of the games, winning the shot put with an effort of 66 feet 3½ inches (20.19 meters). Detlef Mortag of Seet Germany and Dalibor Vasi-East Germany and Dalibor Vasi-cek of Czechoslovakia took second

and third respectively. Li Yihua of China won n gold in women's springboard diving with a score of 500.82. Megan Neyer of the United States took the silver with 498.66 points and Ruxandra Hociota of Romania (490.71) won the bronze. The Chinese, who missed a

international sports scene last year

because of the Olympic boycott,

Tuesday in the women's team

day, while a strong Mexican team, winning impressively over Leba-non, 106-69, also moved into conthe Soviet Union by a score of tention. Mexico smothered Jordan, 118,00 to 116,20 in the team comry put it in position to advance to the semifinals, where it should be in company with the Soviet Union, Yugoslavia and the United States. Americans Calvin Smith and

> qualifying times in the men's 100 meters Tnesday as the track and field events began. Philippe Houvion of France, a one-time world record holder in the pole vault, came close to elimination in the qualifications. He fi-nally advanced by clearing 16 feet, 5 inches (5 meters) on his third and

Mel Lattany turned in the fastest

Navratilova a U.S. Citizen

United Press Intern LOS ANGELES - Tennis star chance to assert themselves on the international sports scene last year American citizen Monday. The third-ranked woman player in the world defected from Czechoslovawon a bronze in men's team gymnastics Monday, the games first kia while playing in the 1975 U.S. day, and added another bronze Open.

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The Ages of Person

By Russell Baker

YORK - Difficult questions about age fill the mail this week, Mr. C.S. of Chester, Pa., for example, writes that since the 1930s the U.S. Supreme Court has Often been referred to as "nine old men" and he asks:

"If Sandra O'Connor's appointment is confirmed, will it be correct thereafter to

refer to the court as eight old men and an old woman?"

No. Mr. C.S., eight old men and an old woman" will not do. In the first place, since Mrs. O'Connor is only

Baker 51 the phrase would strike most people over 29 as overloaded with youth hias. To people in their 20s a female justice of 51 may be an old woman, but people old enough to remember Chief Justice Charles Evans Hughes might think of a woman of 51 as a spring chicken.

Do we want to reler to the Supreme Court as "eight old men and a spring chicken"? Of course not. Even in the United States, vulgarity must bave its limits. How about "eight old men and a lady"? Out of the question — feminists have declared "lady" a taboo word. They prefer the word "per-son," which would give us "eight old men and a person."

Unfortunately, this calls attention to Mrs. O'Connor's femininity and may thus be objectionable. Are the eight old men, after all, not persons too? If Mrs. O'Connor were older we could solve the problem with "nine old persons." Under the circumstances, however, the only possible phrase is "eight old persons and a person."

Age questions also trouble several correspondents who have read about a bill in the Senate that would require life to begin at the moment of conception, Mrs. S.L. of Panama City, Fla., writes: "Every year I have to pul up with 24 hours of sulking from my busband because I've forgotten his silly hirthday. Does the life-begins-atconception hill make this birthday nonsense obsolete, and if so, why doesn't the Senate hurry up and

Alas, Mrs. S.L., there is no relief

in sight. The greeting-card; candy and flower industries have no intention of being voted into bankruptcy hy a Senate bill eliminating hirthdays.

It is far more likely that your husband will henceforth insist that you remember not only his hirthday, hut also his conception day. Greeting-card manufacturers are already preparing an extensive new line of cards for this.

Mr. M.L. of Washington, D.C., is also concerned about how the life-begins-at-conception bill will affect age and whether a huge, expensive bureaucracy will have to he established to deal with the

"Next month," he writes, "I will reach my 65th birthday and he eligible for retirement. I assume that enactment of the Senate hill will automatically make me nine months older, since hy act of Congress my life will then have begun nine months earlier than previous calculations permitted."

In hrief, Mr. M.L. wants to know if he will he entitled to retroactive retirement for the months worked at the time he thought he was only 64 but was subsequently found hy law to have been 65.

The answer seems obvious. If Congress is going to add nine months to a man's life, it bas an obligation under the principles of equity to reimburse him for wbat-ever losses he suffers. Mr. M.L. anticipates correctly that the Congress will want to do this, particularly if it is an election year. He rightly notes a problem, however.

"How are old codgers like me going to produce a satisfactory conception certificate to prove that we were conceived nine months before delivery, rather than eight or seven or six months before?

The answer is clear. The government will have to establish a hureau to investigate conception claims. Naturally, the testimony would have to be checked against old hospital records and midwives' testimony and any conflicting data tested before review boards at which all parties would require lawyers. The process might be the greatest boon to the legal and hureaucratic professions since the income-tax code was last amended.

Eventually, of course, the whole mess would wind up being decided by eight old persons and a person. New York Times Service

Fred Friendly's 'Minnesota' Bag

Book on Key Press-Freedom Case Is Only One Part of 'Flunking Retirement'

By Sandy Rovner Washington Post Service NEW YORK — The way Fred Friendly likes to put

it is: "I'm flunking retirement." At 65 (and a half) be bas just retired as communications adviser to the Ford Foundation and added at least the word "emeritus" to his professorship at Columbia University's jouroal-

ism and law schools.
"The trouble," said his wife, Ruth, "is that he's a man who can't say no."
"The trouble," said Friendly,

with just the right amount of rue, "is ego."
Whatever the trouble, Friendly is as "indefatigable," as former

colleagues put it, as ever. Fred W. Friendly, boro Ferdinand Friendly Wachenheimer, is the man who, with Edward R. Murrow, left a permanent imprint on television journalism with the seminal "See It Now" programs. Friendly was executive producer. He left television news in 1966, in protest, after his decision as president of CBS News to broadcast the U.S. Senate hear-

House of Memorabilia

Lucy" reruns instead.)

ings on Vietnam live was over-

ruled. (Viewers got "I Love

Now be will continue to teach journalism to lawyers and law to journalists at Columbia, as he has since 1968, and he has agreed to teach a seminar once a week at Bryn Mawr, which means commuting for almost five hours from the house in New York that he shares with his wife and whichever of their six grown children is home at any given time. The place is overflowing with memorabilia from his early radio days and from his television days with Murrow.

His fourth book, "Minnesota Rag," has just been poblished by Random House. It is about the 50-year-old U.S. Supreme Court case that overturned a Minnesota law permitting prior censorship.

The case, Jay M. Near v. the State of Minnesota, was not one that most journalists (or constitutional lawvers) might want to pick as a First Amendment test. The Minneapolis Saturday Press was a bigoted, vitriolic travesty of a newspaper edited by an un-



Fred Friendly: "The wolf's point of view."

pleasant man who was anti-Semitic, anti-hlack and ill-tempered. The paper was sbut down hy authorities after it accused the police and city officials of hlackmail, assault and murder, and being in corrupt collusion. Most of the accusations were true, but that was irrelevant.

Although many lawyers and journalists can quote from the Charles Evans Hughes opinion in the case, not many are aware of some curiosities uncovered hy Friendly in his research:

The paper's assailing of "Iew gangsters" and "Iew-pigs" certainly could be regarded as out of line. But in fact, Friendly found, the gangsters in Minneap-olis in the 1920s were mostly Jewish. The politicians, even those who belped form Minnesota's Farmer-Labor Party, now seen as the prototype of ethics, and major law enforcement officials were largely crooked, or looked the other way when crimes were committed.

• One of Near's stauchest supporters was Sam Shapiro, the Jewish owner of a small drycleaning establishment. Shapiro's son, Irving, watched his father being beaten up by a mobster for refusing to pay protection to the Jewish mafia. Near's paper championed Shapiro's cause.

(Irving Shapiro grew up to be executive officer of E.L. du Pont de Nemours & Co. He met Friendly at a Ford Foundation affair. It was Shapiro's recollections, Friendly says, that "compelled" him to write the book.)

· Two major backers of Near in the case, which wrote such farreaching "liberal" law on the First Amendment, were Roger Baldwin of the then-budding American Civil Liberties Union and the isolationist publisher Col. Robert Rutherford McCormick of the Chicago Trihune, an alliance every bit as anomalous as that of Near and Sam Shapiro.

Fred Friendly folds his lanky, trim, 6-foot-2 frame into a patio chair in his spacious back yard in Riverdale. It is part of the Bronx, hut on this quiet, affluent street the greatest damage appears to be on the leaves of the trees inflicted by an unusually heavy infestacion of gypsy moth larvae.

Sprinkling of Quotes

Friendly still tends to speak in the abhreviated epigrams of his TV journalist colleagues, and be sprinkles quotes throughout Hemingway: "Every good re-porter has an automatic, fool-

proof s-detector." Murrow: "Journalists aren't thin-skinned. They have no skin

Friendly: "Teaching is making the agony of decision so difficult

that you can escape only by Friendly: "Television and newspapers set the national agenda. That's much more important

than what we say. It's the fact that we tell everybody what's im-Palmer Williams was Friendly's No. 2 man when they joined Murrow in "See It Now." Now the senior producer of CBS' pop-ular "60 Minutes," Williams was

tracked down at the Provincetown (Mass.) Tennis Club. "Oh my lord," he sighed. "Fred. I could talk for hours."

Williams recalled that Friendly not only "insisted on quality, but was an absolute genius at praising camera crews and technical staff and in general oiling up the skids. Where else could you find groups working 90 to 100 hours a week, all swept up in his giant

Competitive, Demanding

Friendly was also fiercely competitive and demanding, friends recall. They claim that he was the original subject of the line, "He'll never get ulcers. He's a carrier."

Williams remembers Friendly the perfectionist, insisting on sending sound equipment to Ko-rea because "when the gun went off he wanted to hear that gun, not some Navy cannon dragged in by the sound-effects engineer."

After he left CBS, Friendly's views on the ohligations of televi-sion journalism were widely quoted, and not all of his former colleagues were particularly pleased. But one friend, CBS Burton R. Benjamin, says now,
"I think he has left a pretty good legacy.

Ruth Friendly teaches fifth grade in a Scarsdale elementary school. Every year she has her pupils rewrite "Little Red Riding Hood" as if the wolf were telling the story. She also brings her lmsband in periodically as a guest speaker. That permitted him to come up with this;

"A good journalist." Friendly tells the fifth-graders, "has a lot of shoe leather, a conscience, and the ability to see the world from the wolf's point of view."

Venezuela Student Wins PEOPLE: Miss Universe Contest

Miss Venezuela, Irene Saez Conde, 19, an engineering student from Caracas, won the 30th annual Miss Universe beauty pageant in New York, defeating 75 other contestants to receive cash and prizes worth \$100,000, including a fur coat, a sports car, a diamond and gold pendant and five years' worth of makeup. Four other finalists will also receive

prizes, including first runner-up Dominique Dufour of Toronto and second runner-up Evalens Lundgren of Pitez, Sweden. The third runner-up was Adriana de Oiveira, a model from Pôrto Alegre, Brazil, and the fourth finalist was Dominique Dan Eeckhoudt, of

* * *

Fukunari Imada, a native of Osaka sailed into Sumoto port in west-central Japan to beat 10 other sailors in a 6,200-mile (10,000-kilometer) solo yacht race across the Pacific, Race officials said the 31year-old yacht store owner, sailing the yacht Taiyo (Sun), finished the voyage in 43 days, 15 hours and 11 minutes, about a day ahead of his nearest rival, Raiji Okamoto, 36. Nine Japanese men and one American woman, Linda Webber-Rettie, a California high school teacher, left San Francisco on June 7. Another Japanese joined the race later. Two other solo trans-Pacific races have been held; a five-boat crossing in 1969 and an eight-boat race in 1975.

Prince Charles of Britain and his bride will spend two weeks of their honeymoon cruising in the Medi-terranean aboard the royal yacht. Britannia — with an escort of Roy-al Navy ships just over the hori-zon. The Ministry of Defense said the ships would be "on band but out of sight." For the first two nights of the honeymoon, Charles and Lady Disma Spencer will be at Broadlands, the home of the late Lord Mountbatten of Burma, where Queen Elizabeth and Prince Philip started their honeymoon in 1947. The newlyweds will then fly to Gibraltar to board the Britannia

Buddy Rogers, the husband of; American actress Mary Pickford for 44 years until her death two years ago, plans to marry Beverty Ricono, a Los Angeles real estate agent, today. Friends said the wed-ding will be at the home of a relative of Ricono in Tacoma, Wash. Rogers, 75, and Ricono, 50, have known each other for several years, the friends said. Tennis star Evonne Goolagong

— which, at 5,769 tons, is really too big to be called a yacht; it was hull to double as a hospital ship in

wartime and carries a crew of 277.

Cawley, 30, and Roger Cawley, 32, have exchanged wedding vows — for the third time — at a private home in Las Vegas, Nev. The Cawleys were married in her native Australia in 1975 and again a few months later in his native England. This time the best man and maid of honor were Glen Campbell and Tanya Tucker, whose own on-again, off-again engagement seems to be on again for the moment. The Cawleys, now U.S. citizens, have a daughter, 4, and a son, 6

the former president in his home-town of Plains, Ga., has been disconnected by the federal government. The end of the transition meant Carter's loss of other presi-dential perquisites, including stew-ards on loan from the White House. Officials said they expect Carter to establish his own, smaller switchboard. He will continue to have a pension, an annual government appropriation to run his office, and round-the-clock Secret Service protection for him and his wife, Rosalyan.

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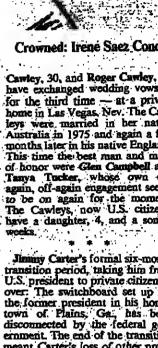
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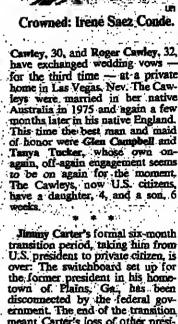
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